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ABSTRACT

This document reports on the 1992 amendments to and recommendations for the reauthorization of the Higher Education Act of 1965 (which expires at the end of fiscal year 1992). Included in an opening section is a partial listing of the many agencies that submitted recommendations, a list of 44 hearings on the bill held nation-wide, and explanation of the basic policy objectives of the bill to reaffirm and improve the federal commitment to support postsecondary education. There follows an explanation of all 14 titles of the bill with attendant chapters and subsections. A Congressional Budget Office estimate of the cost of the legislation is also presented as well as an inflationary impact statement, and oversight findings of the Committee on Government Operations. A section-by-section analysis of the bill is included. The text of the bill itself, which makes up the bulk of the document, appears with existing law proposed to be omitted in brackets, new matter in italics, and existing law in which no change is proposed is shown in Roman. The last section contains dissenting views on the reauthorization from 11 members and 3 additional views. (JB)

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HIGHER EDUCATION AMENDMENTS OF 1992

REPORT

OF THE

COMMITTEE ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES

ONE HUNDRED SECOND CONGRESS

SECOND SESSION

together with

DISSENTING AND ADDITIONAL VIEWS



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February 27, 1992.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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HIGHER EDUCATION AMENDMENTS OF 1992

FEBRUARY 27, 1992.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. FORD of Michigan, from the Committee on Education and Labor, submitted the following

REPORT

together with

DISSENTING AND ADDITIONAL VIEWS

[To accompany H.R. 3553]

[Including cost estimate of the Congressional Budget Office]

The Committee on Education and Labor, to whom was referred the bill (H.R. 3553) to amend and extend the Higher Education Act of 1965, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment strikes out all after the enacting clause of the bill and inserts a new text which appears in italic type in the reported bill.

EXPLANATION OF AMENDMENT

The committee amendment strikes out all after the enacting clause and inserts a substitute text. The provisions of substitute text are explained hereafter in this report.

HEARINGS AND COMMITTEE ACTION

In February, 1991, 160 organizations, associations and governmental bodies were invited to submit to the Subcommittee on Post-secondary Education their legislative recommendations for the reauthorization of the Higher Education Act. The Subcommittee received recommendations from 149 respondents, both from those who were invited to submit recommendations as well as some from those who learned of the invitation and submitted recommenda-

tions. Some who were invited to submit recommendations chose not to respond. Those submitting recommendations to the Subcommittee were:

Advisory Committee on Student Financial Assistance.
 American Association of Colleges for Teacher Education.
 American Association of Colleges of Nursing.
 American Association of Colleges of Osteopathic Medicine.
 American Association of Community and Junior Colleges.
 American Association of Dental Schools.
 American Association of School Administrators.
 American Association of State Colleges and Universities.
 American Association of University Professors.
 American Association of University Women.
 American Bankers Association.
 American Bar Association.
 American Colleges of Physicians.
 American Council on Education.
 American Federation of Labor and Congress of Industrial Organizations.
 American Federation of State, County and Municipal Employees.
 American Federation of Teachers.
 American Indian Higher Education Consortium.
 American Jewish Congress.
 American Library Association.
 American Medical Student Association.
 American Society for Engineering Education.
 American Trucking Association.
 American Vocational Association.
 ASPIRA Association.
 Associated Colleges of the Midwest/Great Lakes Colleges Association.
 Association of Accredited Cosmetology Schools.
 Association of Advanced Rabbinical and Talmudic Schools.
 Association of American Law Schools.
 Association of American Medical Colleges.
 Association of American Universities.
 Association of Catholic Colleges and Universities.
 Association of Certified Trucking Schools.
 Association of Community College Trustees.
 Association of Independent Colleges and Schools.
 Association of Jesuit Colleges and Universities.
 Association of Minority Health Professions Schools.
 Association of Regionally Accredited Private Colleges and Universities.
 Association of Research Libraries.
 Association of Texas Lenders for Education.
 Association of Urban Universities.
 California Association of Student Financial Aid Administrators.
 California Community College Student Financial Aid Administrators Assn.
 California Student Aid Commission.
 Campus Compact.
 Center for Workforce Preparation and Quality Education.
 City Volunteer Corps.

Coalition for Adult and Part-Time Students.
 Coalitcn of Higher Education Assistance Organizations.
 Colorado, State of.
 Colorado Student Loan Program.
 Columbia University (New York).
 Commission of Accredited Truck Driving Schools.
 Commonwealth of Pennsylvania.
 Consortium on Financing Higher Education.
 Consumer Bankers Association.
 Council for Educational Development and Research.
 Council of Chief State School Officers.
 Council of Graduate Schools in the United States.
 Council of the Great City Schools.
 Council of Independent Colleges.
 Council on Legal Educational Opportunity.
 De Vry Inc.
 Education Management Corporation.
 Florida Association of Student Financial Aid Administrators.
 Fundacion Educativa Ana Mendez.
 Graduate and Professional Aid Council.
 Harvard University.
 HEP-CAMP Association.
 Hispanic Association of Colieges and Universities.
 Holmes Group.
 Illinois Student Assistance Commission.
 Indiana Student Lenders Association.
 International Liaison of Lay Volunteers in Mission.
 International Reading Association.
 Interstate Migrant Education Council.
 Joint National Committee for Languages.
 Law School Admission Council.
 Liaison Group for International Education Exchange.
 Massachusetts Higher Education Assistance Corporation.
 Michigan Department of Education.
 Michigan Student Financial Aid Association.
 Midwest Association of Student Financial Aid Administrators.
 Midwestern Universities Alliance.
 Missouri Association of Student Financial Aid Personnel.
 Murray State University (Kentucky).
 National Accrediting Commission of Cosmetology, Arts and Sci-
 ences.
 National Association for Bilingual Education.
 National Association for Equal Opportunity in Higher Education.
 National Association for Foreign Student Affairs.
 National Association for the Advancement of Colored People.
 National Association of College Admissions Counselors.
 National Association of College and University Business Officers.
 National Association of Elementary School Principals.
 National Association of Independent Colleges and Universities.
 National Assn. of Schools and Colleges of the United Methodist
 Church.
 National Association of Secondary School Principals.
 National Association of State Boards of Education.
 National Association of State Directors of Migrant Education.

National Association of State Grant and Scholarship Programs.
 National Association of State Universities and Land-Grant Colleges.

National Association of Student Employment Administrators.
 National Association of Student Financial Aid Administrators.
 National Association of Trade and Technical Schools.
 National Coalition for Women and Girls in Education.
 National Commission for Cooperative Education.
 National Consortium for Educational Access.
 National Council for Languages and International Studies.
 National Council of Educational Opportunity Associations.
 National Council of Higher Education Loan Programs.
 National Council of La Raza.
 National Displaced Homemakers Network.
 National Education Association.
 National Home Study Council.
 National Humanities Alliance.
 National School Boards Association.
 National University Continuing Education Association.
 National Women's Law Center.
 New York, City of.
 New York, City University of.
 New York State Higher Education Services Corporation.
 New York, State of, Board of Regents, and Education Department.
 New York, State of.
 New York, The University of the State of.
 Professional Truck Driver Institute of America.
 Southern Association of Student Financial Aid Administrators.
 State Higher Education Executive Officers Association.
 State Occupational Information Coordinating Committees.
 Student Loan Marketing Association.
 Swett (D, N.H.), Congressman Dick.
 Tennessee Student Assistance Corporation.
 Texas Association of Student Financial Aid Administrators.
 Texas Guaranteed Student Corporation.
 The College Board.
 The College for Human Services.
 The Liaison Group for International Educational Exchange.
 The National Consortium for Educational Access.
 United Auto Works.
 United Church Board for Homeland Ministries.
 United Negro College Fund.
 United States Student Association.
 University of Detroit Mercy.
 University Support Services.
 UNIPAC Service Corporation.
 Washington University in St. Louis.
 Waukesha County Technical College (Wisconsin).
 Western Michigan University.

The recommendations which were received by mid-April were printed in a six volume committee print. This print was made available to all of those who submitted recommendations as well as to other interested parties. The Administration was also invited to

submit its reauthorization recommendations. A summary of the Administration's legislative proposals for reauthorization was sent to the Speaker on April 30, 1991 and a draft bill containing the Administration's proposals was sent to the Speaker on June 5, 1991. The Administration's legislative proposals were introduced as H.R. 2627 on June 12, 1991 by Congressman Goodling (by request).

Hearings began on March 18, 1991 and were focused on individual programs or specific issues. The recommendations provided to the Subcommittee from those interested in the public, the recommendations of the Administration and bills amending the Higher Education Act which were referred to the Subcommittee served as the basis for discussing the various programs and issues. A total of 44 hearings were held, including 19 field hearings outside of Washington. Four hundred forty-seven witnesses testified at the hearings representing a broad cross section of experts and professionals as well as the consumers of education, students. In fact, 56 students testified in the hearings. Witnesses representing the Administration, including Secretary of Education Lamar Alexander, appeared before the Subcommittee 13 times. Twenty-seven bills that had been referred to the Subcommittee were specifically addressed in the hearings. A list of all the hearings follows:

1. March 28, Student witnesses (Joint Hearing with the Senate Subcommittee on Education, Arts and Humanities).
2. April 15, Providence, R.I., Brown University (Joint Hearing with the Senate Subcommittee on Education, Arts and Humanities).
3. April 16, Title II, Academic Library and Information Technology Enhancement.
4. May 2, The education pipeline.
5. May 6, Kansas City, Missouri, Federal Building.
6. May 8, Secretary of Education Lamar Alexander.
7. May 9, College costs and access to college.
8. May 13, Vancouver, Washington, City Hall.
9. May 14, Program simplification.
10. May 15, Early intervention.
11. May 21, Program integrity.
12. May 24, Chicago, Illinois, Chicago State University.
13. May 29, Program integrity.
14. May 30, Program integrity.
15. June 3, Carlisle, Pennsylvania, Dickinson College.
16. June 4, Pell Grants.
17. June 5, Pell Grants.
18. June 6, Student loan programs.
19. June 10, Akron, Ohio, University of Akron.
20. June 12, Student loan programs.
21. June 13, Title IX, Graduate Programs.
22. June 14, Pleasant Hill, California, Diablo Valley Community College.
23. June 17, Ann Arbor, Michigan, University of Michigan.
24. June 18, TRIO programs and State Student Incentive Grant program.
25. June 19, Student loan programs.
26. June 21, New Brunswick, N.J., Rutgers University.
27. June 24, New York, N.Y., New York University.

28. June 26, Supplemental Educational Opportunity Grants, College Work-Study and Perkins Loan Program.
29. June 28, Raleigh, N.C., North Carolina State University.
30. July 1, Hilo, Hawaii, University of Hawaii-Hilo.
31. July 2, Maui, Hawaii, Maui Community College.
32. July 10, Title III, Institutional Aid and Title VIII, Cooperative Education.
33. July 11, Title V, Educator Recruitment, Retention and Development.
34. July 13, Great Falls, Montana, College of Great Falls.
35. July 15, Kearney, Nebraska, University of Nebraska-Kearney.
36. July 16, Title V, Educator Recruitment, Retention and Development.
37. July 19, Madison, Wisconsin, Madison Area Technical College.
38. July 22, Houston, Texas, Texas Southern University.
39. July 24, Title VI, International Education Programs, Title I, Postsecondary Programs for Nontraditional Students, Title XI, Partnerships for Economic Development and Urban Community Service.
40. July 25, Title VII, Construction, Reconstruction and Renovation of Academic Facilities, Title X, Postsecondary Improvement Programs.
41. July 26, South Bend, Indiana, Notre Dame University.
42. July 27, New Orleans, Louisiana, Dillard University.
43. July 31, Title IV, need analysis.
44. August 1, Title IV, need analysis.

On the basis of the hearings, bills referred to the Subcommittee, the recommendations of the Administration and the recommendations of those representative of or interested in postsecondary education, a draft legislative print was prepared. The Subcommittee on Postsecondary Education considered this print in legislative sessions on October 1, 2, 3 and 8 during which 21 amendments to the print were disposed of.

H.R. 3553, which reflects the actions of the Subcommittee legislative sessions, was introduced on October 11, 1991 with the cosponsorship of 26 members of the Education and Labor Committee.

H.R. 3553 was considered by the Education and Labor Committee in legislative sessions on October 22 and 23 at which 34 amendments were considered. On October 23, the Education and Labor Committee, with a majority of the Committee present, by a vote of 26-14 ordered H.R. 3553 reported to the House with amendments. The explanatory language in this report, including the section-by-section analysis, relate to the bill as reported.

BASIC POLICY OBJECTIVES

The need for this legislation arises primarily from the expiration at the end of fiscal year 1992 of the authorizations for the programs in the Higher Education Act. Thus, the fundamental purpose of this bill is to reaffirm and improve the Federal commitment to the support of postsecondary education. The reason for this Federal commitment to education was eloquently stated by Presi-

dent Johnson in his message proposing the Higher Education Act twenty-six years ago. He said, speaking of education:

Nothing matters more to the future of our country: Not our military preparedness—for armed might is worthless if we lack the brain power to build a world of peace; not our productive economy—for we cannot sustain growth without trained manpower; not our democratic system of government—for freedom is fragile if citizens are ignorant.

A fundamental theme of Federal support for postsecondary education is assistance to achieve the goal of equal educational opportunity. This is not a new goal. It was stated as long ago as 1947 by the President's Commission on Higher Education, created by President Truman. That Commission's report stated:

Equal education opportunity for all persons, to the maximum of their individual abilities and without regard to economic status, race, creed, sex, and national origin, or ancestry is a major goal of American democracy. Only an informed, thoughtful, tolerant people can maintain and develop a free society.

President Eisenhower's Committee on Education Beyond the High School stated as one of its "basic premises" that:

Our ideals and the increasing complexity of our civilization require that each individual, regardless of race, creed, color or national origin, have the opportunity to pursue education or training beyond high school to the full extent for which he or she is willing and able.

This goal was reaffirmed in President Johnson's message to the Congress, "Towards Full Educational Opportunity," which proposed the Higher Education Act of 1965, and in his remarks at Southwest Texas State College upon signing the Higher Education Act of 1965. At the signing ceremony, President Johnson said that this law "means that a high school senior anywhere in this great land of ours can apply to any college or any university in any of the 50 States and not be turned away because his family is poor."

President Nixon expressed his strong commitment to equal educational opportunity in his 1970 message to the Congress in higher education in which he said, "No qualified student who wants to go to college should be barred by lack of money. That has long been a great American goal: I propose that we achieve it now."

The student assistance programs have increasingly become the dominant means by which the Federal Government pursues the goal of equal educational opportunity. Perhaps the most dramatic change in the Higher Education Act over the last twenty-six years has been the shift from an Act which primarily supported higher education through the purchase of things, such as buildings and books, to an Act which supports higher education primarily by investing in people through the student aid programs. The 1965 Act provided for total authorizations of almost \$1.1 billion for its first year, fiscal year 1966. Of this total authorization, 68 percent of the funds were authorized for institutional aid programs and the remaining 32 percent for student aid. The largest single authoriza-

tion in the 1965 Act was \$460 million for grants to build undergraduate academic facilities.

Currently, the fiscal year 1992 appropriation for programs authorized by the Higher Education Act is \$15.3 billion. Of these funds, 97 percent are for the student assistance programs authorized by Title IV and only the remaining 3 percent are for the other programs authorized by the Act. In fact, the student financial assistance program authorized by Title IV provide 75 percent of the student financial assistance from all sources in the United States. The watershed in the reorientation of the Higher Education Act from the dominance of institutional aid programs to the dominance of student aid programs was the Education Amendments of 1972 which created the Pell Grant program.

The most consistent message received from the Subcommittee's hearings was to note the erosion in the value of student aid when compared to college costs, the disproportionate decline in the purchasing power of grant assistance and the dramatic increase in student borrowing. In constant dollars, between 1980-81 and 1990-91 the value of Title IV financial assistance increased by 23 percent. During this same period increases in college costs ranged from 27 percent for public universities to 54 percent for private universities and median family income increased by only 15 percent. The purpose of the Federal student financial aid programs is to fund that part of college costs that cannot be met out of family income and thereby expand educational opportunities. These Federal programs are clearly diminishing in their ability to serve that purpose as college costs have grown at a rate significantly faster than both median family income and Federal student financial assistance. The gap between family resources and college costs is steadily widening and the ability of the Federal student financial assistance programs to fill that gap and enable students to pursue education beyond high school is also steadily eroding. It is, therefore, not surprising that in a recent Gallup poll 87 percent of the public agreed with the statement, "College costs are rising at a rate which will put college out of the reach of most people" and 73 percent agreed with the statement, "College costs in general are such that most people *cannot* afford to pay for a college education".

Of particular significance is the fact that in fiscal year 1979 the maximum Pell Grant award represented 46 percent of the average cost of attendance at all postsecondary institutions in the United States. In the current academic year, the maximum Pell Grant award provided only 25 percent of the average cost of attendance. In short, the purchasing power of the Pell Grant has declined by one-half.

As the value of grants has declined, students are increasing their borrowing in order to finance their education. In the current academic year, \$18.4 billion will be available to students through Federal programs. Of this amount, 64 percent will be in the form of loans and 36 percent in the form of grants and work-opportunities. In the late 1970's this proportion was exactly the opposite. Looking only at the Pell Grant and the Stafford Loan programs, for academic year 1976-77 the Pell Grant provided slightly more aid to students than the Stafford Loan program. For the 1990-91 academic year the Stafford Loan program provided more than two and one

half times as much aid as the Pell Grant program. So, rather than a little more than one grant dollar for each loan dollar as in 1976-77, we are now providing two and a half loan dollars for every grant dollar. What is particularly disturbing is that the lowest income students are being increasingly forced to borrow to pay for postsecondary education.

The original purpose of the Guaranteed Student Loan Program has been stood on its head. In the House Committee Report on the Higher Education Act in 1965, the Commissioner of Education is quoted as saying that the purpose of the Guaranteed Student Loan Program is to help middle income families "spread out over more than the 4 years of college" the costs of college through a "loan of convenience." The Commissioner concluded:

Helping the middle income student and his family to bear the heavy brunt of college costs would seem to have a reasonable claim on a share of our national commitment to offer every child the fullest possible educational opportunity.

Far from being a loan of convenience for students from middle income families, the Guaranteed Student Loan has become a loan of necessity for all students. In 1980 students owed \$18.5 billion under the Stafford Loan program. In 1990 student debt had increased to \$51.4 billion, an increase of nearly 300 percent. Where past history knew a class of indentured servants, today we are producing a class of indentured students in bondage to their educational debts.

The Committee is particularly concerned about the impact of increased student loan indebtedness. This debt threatens to undermine equal education opportunity since low-income and disadvantaged students, who lack familiarity with debt financing and credit arrangements, may choose to forego a postsecondary education rather than paying for it with loans. In addition, it is hard to argue that the opportunities of two students have been equalized if the low-income student completes postsecondary education with a substantial loan debt burden may also have an adverse impact on the willingness of qualified students to pursue graduate and professional education. It may also distort student choices of majors and careers as they are guided by the need to pay their educational debts.

H.R. 3553 is intended to accomplish five basic goals with respect to the student financial assistance program.

First, H.R. 3553 seeks to redress the growing imbalance between loans and grants in student financial aid and to expand student aid to serve students from working and middle-income families. It provides that:

- the maximum Pell Grant award is increased from the \$3,100 authorized by current law (appropriated at \$2,400) to \$4,500 and ensures funding by making the program an entitlement;
- a student from a family of four with an income of \$49,000 will be eligible for the minimum Pell Grant;
- home, farm and small business equity will not be considered in determining eligibility for financial assistance;
- families will have new incentives to save for the college education of their children;

- all students regardless of family income can borrow up to the maximum Stafford Loan, with eligibility for the in-school interest subsidy based on financial need;
- eligibility for the in-school interest subsidy will extend, for example, to students from a family with an income of \$78,500 attending the average-priced college; and
- all parents regardless of income with no adverse credit history will be able to borrow up to the total college cost minus other financial aid through the Parent Loans to Undergraduate Students (PLUS) program.

Increasing the maximum Pell Grant to \$4,500 and making the family of four with an income of \$49,000 eligible for the minimum Pell Grant will restore the program to where it was in 1979.

Second, H.R. 3553 makes major changes to enhance the integrity of the student financial aid programs. The student aid programs have been tarnished by reports detailing the exploitation of students by unscrupulous schools, growing default costs, schools offering overpriced and inferior educational programs and schools and lenders with unacceptable default rates. The easy assumption can no longer be made that everyone who assumes the title of "educator" offers a quality educational program or puts the interests of students uppermost. H.R. 3553 includes nearly 100 provisions to strengthen controls on schools and colleges to end waste and abuse and to minimize loan defaults. These provisions include prohibiting the use of commissioned sales persons and recruiters, requiring pro rata tuition refunds, requiring increased financial responsibility from schools, and strengthening the ability of the Department of Education and the states to terminate the eligibility of schools which abuse the programs. H.R. 3553 ensures that an increased investment in student aid will be well spent.

Third, H.R. 3553 modifies the student aid programs to more effectively serve the needs of non-traditional students. These students, who are older, independent of their parents, working, and generally attending school part time, are now the majority in post-secondary education. H.R. 3553 revises the programs to serve these students more effectively by, for example, increasing support for child care expenses and extending eligibility for Pell Grants to less-than-half-time students.

Fourth, H.R. 3553 simplifies the student financial aid programs. Many students and their families are denied access to student aid because they cannot navigate through the bewildering complexity of the current student aid forms and delivery system. This complexity has become a new barrier to educational opportunity. H.R. 3553 provides for dramatic simplification including a single free Federal form for applying for Federal student aid and a single need analysis and allows students to update their application from the prior year rather than filing a completely new application each year.

Fifth, H.R. 3553 strengthens early outreach and intervention during the high school and middle school years. Students and their families are frequently not well informed about the availability of financial assistance, the range of postsecondary educational options and the appropriate high school programs that lead to postsecondary education. H.R. 3553 improves early outreach and intervention

efforts by strengthening the TRIO programs, creating a new Federal-state partnership to provide tutoring and advising, providing support for training high school counselors and establishing a national computer network of financial aid information.

Outside of the Title IV programs, H.R. 3553 also extends and improves the programs to support Historically Black Colleges and Universities, teacher training, college libraries, international education, cooperative education, graduate education, the Fund for the Improvement of Postsecondary Education and community service.

EXPLANATION OF THE BILL

The Committee wishes to note that while Chairman William D. Ford and Ranking Minority Member E. Thomas Coleman did not introduce any specific legislative proposals to reauthorize the Higher Education Act of 1965, both members were intricately involved, as was the entire Subcommittee on Postsecondary Education, in the development of H.R. 3553.

TITLE I---PARTNERSHIPS FOR EDUCATIONAL EXCELLENCE

H.R. 3553 repeals the current unfunded Title I, Postsecondary Programs for Nontraditional Students. The Committee recognizes that the demographics of college campuses across the nation is changing and that nontraditional students who are age 25 or older are the new majority on campus. The Committee believes that nontraditional students are better served by addressing their special needs in programs throughout the Act. Consequently, the Committee has included many provisions in H.R. 3553 to assist nontraditional students in obtaining a postsecondary education.

The new Title I, Partnerships for Educational Excellence, authorizes five programs which foster partnership agreements among institutions of higher education, government, schools, and public broadcasting entities.

Part A, Urban Community Service

Part A rewrites and strengthens language from Part B of Title XI of the 1986 amendments. This program provides incentives to urban institutions (including academic, private and civic bodies) to work together to devise and implement solutions to the most pressing and severe problems in their communities. Applied research, technical assistance, improvement and provision of services, training and data collection and analysis are examples of activities which can be supported under this part.

The Committee strengthens the language requiring partnership applications for support under this part and specifies the range of critical urban problems for which activities are to be authorized by this part.

The Committee intends that the list of permissible activities in Title I should be interpreted by the Department as illustrative rather than definitive. The Committee also intends that this part should be interpreted by the Department to encourage a wide range of approaches towards devising and implementing solutions to urban problems. The Ohio Urban University Program, which is a State-level initiative developed in response to the original 1980

authorization of Title XI, is one example of a type of collaborative arrangements and the range of activities which the Committee intends this part to encourage.

The language of Section 124(b) authorizes the Secretary to publish a list of institutions eligible to apply for grants under this title. The Committee expects that the Secretary will publish a comprehensive list as soon as possible after the enactment of the bill and believes that the list should be periodically updated.

For Part A, there are authorized to be appropriated \$25,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

Part B, Urban and Rural College, University, and School Partnerships

Part B rewrites and strengthens language from Part B of Title V of the 1986 amendments. This program encourages partnerships between urban or rural institutions of higher education (or consortia of such institutions) and secondary schools and school systems which serve low-income and disadvantaged urban or rural students. Such partnerships should design programs to meet the educational and future employment preparation needs of such students. The Committee's language focuses this part more specifically on the needs of urban and rural students in recognition of the preponderance of disadvantaged school-aged populations in the Nation's urban and rural areas.

In keeping with the Committee's goal of increasing the number of women and underrepresented minorities in science and mathematics, the Secretary is directed to provide a preference in grant awards under the Urban and Rural College, University and School Partnerships to programs designed to encourage women and underrepresented minorities to pursue science and mathematics.

For Part B, there are authorized to be appropriated \$25,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

Part C, Administrative Provisions

Part C provides the administrative provisions for Parts A and B. Part C adopts the definition of "urban area" and "urban institution of higher education" from the 1986 Title XI amendments. Part C also provides for the creation of a national network among urban grant institutions for the dissemination and replication of the results of individual projects funded under these parts, and directs the Secretary of Education to publish a preliminary list of public and private non-profit institutions of higher education which meet the definition of an "urban institution of higher education".

The requirement authorizing the Secretary to publish a list of urban institutions eligible to apply for grants under Parts A and B is not intended to give the Secretary discretionary authority. The Committee sees this function as a purely ministerial one. In carrying out this provision, the Secretary shall merely apply the identified provisions of the statutory definition to the universe of eligible institutions of higher education, and publish the results of that process.

The Committee suggests that the Secretary publish a preliminary list as soon as feasible after the enactment of the statute, and afford institutions an opportunity to petition to have their names added if necessary, or deleted, if an institution prefers not to be considered "urban". The Secretary should periodically update this list to take into account not only population changes, but also the re-orientation of existing institutions toward an urban mission.

Part C also authorizes the Secretary to set aside 5 percent or \$500,000 of funds to create an urban network. It is not the intention of the Committee that the Secretary wait until funds are appropriated to publish the list of urban institutions. The minimal expenses involved in publishing such a list are easily covered by the Secretary's salaries and expenses fund.

Part D, Articulation Agreements

H.R. 3553 creates a new program authorized at \$50 million through fiscal year 1997 for articulation agreements between two-year and four-year institutions of higher education.

Since more than one-half of all first-time first-year students attending postsecondary institutions attend community and junior colleges and since almost one-half of minority students enrolled in higher education attend two-year institutions, the Committee recognizes that these institutions represent a substantial and an important educational resource.

This program is designed to help assist students in bridging the gap between two-year and four-year institutions, enabling them to reach their individual potential, as well as contribute to the larger society.

The program provides incentives to two-year and four-year institutions in order to build partnerships between the education programs offered at each. This program will ensure that academic credits earned at a two-year institution will be transferable to a four-year baccalaureate institution. The Committee recognized the importance of educational partnerships when it included the Tech-Program in the Carl D. Perkins Vocational and Applied Technology Act of 1990. This program, like Tech-Prep, is designed to build innovative approaches which hold promise for increasing the competencies of our nation's workforce. Furthermore, the Committee intends to place a priority on programs which encourage teacher education, have Tech-Prep already established in one of its partner institutions, and encourage articulation in subject areas of national importance.

For Part D, there are authorized to be appropriated \$50,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

Liaison for community colleges

The Committee recognizes that Community, junior and technical colleges enroll more than 8 million students annually in accredited programs and another 4 million additional students in noncredit, continuing education courses. While these institutions now serve the largest sector of the higher education community, they lack representation in the ranks of professional and executive management positions within the Department of Education. The Commit-

tee recommends the Department designate a high-level senior official to be the liaison for community colleges. This official should have expertise in the community colleges field; serve as the principal advisor to the Secretary on matters affecting community and junior colleges, and technical schools; and work with the Federal Interagency Committee on Education to improve coordination of outreach programs in the numerous departments and agencies which administer education and job training programs and collaborative business education partnerships.

Part E, Manufacturing Engineering Education

Part E of Title I authorizes a program of grants to institutions of higher education to encourage and support manufacturing engineering education.

A great deal has been said and written in recent years about changes in manufacturing processes, and about the frequent failures of American companies to anticipate or lead in introducing and utilizing new technologies and methods. American manufacturers have frequently adopted new technologies and methods only after manufacturers in other countries have introduced those technologies or methods into their own manufacturing enterprises. The problem in many cases has been the gap between development of new technologies and methods and their widespread application in American manufacturing plants.

Less frequently noted has been the relative dearth of manufacturing engineering courses and programs in higher education and the relationship between the lack of attention to manufacturing engineering in institutions of higher education and the failure of American manufacturers to adopt new technologies and methods. Less than three percent of graduate research projects at major universities are in the area of manufacturing engineering. Both "cutting edge" research and broad based education in new manufacturing technologies are inadequate.

The grant program established by Part E authorizes grants to undergraduate and graduate institutions for the enhancement of existing manufacturing engineering education programs and the establishment of new programs. The bill requires that in order to be eligible for a grant, an institution's program must include multidisciplinary instruction in the total manufacturing engineering enterprise, opportunities for students to obtain work experience in manufacturing, and faculty and student research in advanced manufacturing science and technology. The bill also requires a significant level of involvement of private sector manufacturing firms in any program which receives funds.

The bill recognizes that the Department of Education does not have expertise in manufacturing technologies and research, and for that reason requires consultation and coordination with the National Science Foundation, both in the development of criteria for grant selection and in the selection of grantees. It should be emphasized, however, that the grants are not only aimed at supporting research in new technologies, but at developing multidisciplinary education programs which will expose more students to manufacturing engineering as a field of study and a career. Thus, both the Department of Education and the National Science Foundation

can bring important skills and perspectives to the administration of the program.

The bill authorizes \$25 million for fiscal year 1992, and such sums as may be necessary for the four succeeding fiscal years for the manufacturing engineering education grants program.

For Part E, there are authorized to be appropriated \$25,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

Part F, Access and Equity to Education for All Americans Through Telecommunications

Over 300,000 individuals each year take postsecondary coursework for credit without ever leaving their homes. The miracle of television has removed barriers posed by physical impairment, lack of transportation and family responsibilities for individuals motivated in their pursuit of educational opportunity. The rapid growth in the number of registered credit students now being served via telecommunications by degree granting institutions is expected to increase at a faster rate in the future, as technological advances continue and demand escalates.

The combined expertise available on college campuses and in the Nation's public television stations must join forces to address the challenges facing the millions of Americans with disabilities who want to participate more fully and independently in their local communities, residents of rural communities, single parents with dependent children and individuals whose employment precludes attending classes in person.

Funds provided under this part would assist public television stations, in partnership with institutions of higher education, to improve access to creditworthy telecommunications coursework for individuals otherwise denied such opportunity. Grants awarded would be matched on a one to one basis by these partnerships and used to develop innovative and expanded course offerings; to develop pre-service and in-service education and training programs for K-12 educators through interactive television conferencing, broadcast, cable and cassette-delivered materials; to assure access to this programming for individuals with visual and hearing impairments by providing descriptive video and closed captioning as appropriate; and to assist with the purchase and distribution of necessary technology and equipment.

For Part F, there are authorized to be appropriated \$10,000,000 in FY 1993 and such sums as may be necessary in the four succeeding fiscal years.

TITLE II—ACADEMIC LIBRARIES IN AN ELECTRONIC NETWORKED ENVIRONMENT

College and research libraries collectively represent the resource infrastructure which supports not only undergraduate and graduate education, but academic research and development as well as research at locations beyond the campus. For 25 years libraries have, with the stimulus of Federal assistance, organized, standardized, and shared information and resources, using the latest information technologies. Building on this substantial achievement, li-

libraries are now at the threshold of a new era of electronically networked information made possible by high-capacity networks such as the National Research and Education Network.

The Committee recognizes the important role that college and research libraries play in postsecondary education and academic research and development. The Committee expects projects authorized under title to encourage libraries to: (1) shift their focus towards procuring information for immediate use; (2) allow smaller and needier libraries to gain basic electronic connectivity; (3) provide greater access for services to the disabled; (4) recruit informational professionals from diverse backgrounds; (5) encourage libraries to share their non-print resources electronically; (6) enhance the development of the equivalent of a bibliographic structure for electronic information; and (7) encourage greater preservation of electronic as well as traditional resources. The Committee has revised Title II to reflect the new electronic networked environment in which libraries operate.

The Committee strongly expects that programs authorized under Title I of this Act will be administered in the Department of Education by appropriate experts in library technology, library education, and related fields.

Part A, College Library Technology and Cooperation Grants

The Committee has deleted the current Part A, College Library Resources, which authorized small grants to eligible institutions for library materials. This program has not been funded since fiscal year 1983. While assistance for certain types of research materials remains appropriate, the Committee has deleted general assistance in favor of targeted approaches such as the acquisition of foreign materials under Section 607 of Title VI.

To emphasize the focus on electronic technology and the sharing of resources beyond any one library's campus or clientele, the Committee has moved the current Part D, College Library Technology and Cooperation Grants, to Part A. Amendments to this program ensure that a number of smaller grants will be available for needy and developing institutions which, generally handicapped by high capitalization costs, require additional support to achieve electronic connectivity.

For Part A, there are authorized to be appropriated \$25,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

Part B, Library Education, Research and Development

Librarians in the United States number fewer than 200,000 and almost 40 percent of them will be 65 years of age or older by the year 2000. Library employers report especially severe shortages of children's librarians, school library media specialists, catalogers, librarians with technological expertise, and librarians who are members of minority groups. The Committee recognizes the shortages of librarians and library educators, and has specified minority recruitment as a priority.

The Committee has continue the Part B program of Library Education, Research, and Development with only minor changes. The Part B program makes grants to institutions of higher education

and library organizations and agencies to assist them in educating and training persons in library and information science. The Committee expects the Secretary of Education to raise current fellowship stipends, and to establish a process for making adjustments as needed in stipends levels.

The Committee has continued the Research and Demonstration program under Section 223 with added language authorizing projects to enhance library services through new technologies. Under Section 222, the Committee expects the Secretary to consult with organizations representing library and information science professionals in determining areas of critical need in library education and in determining priorities for research and demonstration.

For Part B, there are authorized to be appropriated \$25,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

Part C, Improving Access to Research Library Resources

Part C provides grants to institutions of higher education with major research libraries. Title II Part C has successfully contributed to the advancement of scholarship by strengthening the collections of the Nation's largest libraries and by facilitating the sharing of resources among these libraries and between them and other academic and public libraries.

The Committee expects future projects under Part C to (1) promote access to unique scholarly and research resources, often in digital format, located on campus but not within administrative control of the library; (2) convert print and graphic materials to machine-readable format and encourage the widest possible access; (3) develop improved cataloging and indexing, investigate preservation issues related to the new information technologies; (4) support new experimental preservation technologies and programs; (5) expand the program to include acquisition or access to large databases and data sets; and (6) encourage more inter-institutional cooperation and collection development between research libraries and non-library repositories of research information.

For Part C, there are authorized to be appropriated \$25,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

Part D, Strengthening Library and Information Science Programs in Historically Black Colleges and Universities

Part D authorizes the Secretary to enter into grants and contracts with HBCUs and library organizations or agencies which have programs in library science, information science and systems, computer science, communication sciences and related fields to assist in the education and training of Black students and other minorities in areas of critical need at the undergraduate and graduate levels. Grants would also be made to HBCUs to enhance and build library collection and resources in areas of identified needs at the local levels.

The infrastructure of traditionally Black institutions is in need of improvement in library science training, library resources, and computer information networks. Inadequate funding for continuing education and improved training have prevented HBCUs from

keeping pace with rapid technological changes in library science and related fields. Staff, therefore, have not been able to develop and maintain competence in the use of new technologies.

A critical element in the development of the historically Black colleges and universities (HBCUs) continues to be the development of library collections and related resources. All of these institutions are in need of funds to acquire more books, more development of library resources, more journals, more reference materials and corresponding technology as they enhance current programs and build new ones which will educate, training, and equip the leaders and workers of the 21st century.

For Part D, there are authorized to be appropriated \$25,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

Funding limitation

The Committee intends, under Section 251, that no new programs or major expansions that are authorized under this title will be funded until Parts A, B, and C of Title II are provided funds equal to the funding levels appropriated in fiscal year 1992.

TITLE III—INSTITUTIONAL AID

Title III of the Higher Education Act provides assistance to historically Black colleges and universities and institutions of higher education which enroll large numbers of students who are low income and members of minority groups and which have low educational and general expenditures. The H.R. 3553 amendments to Title III are substantially technical and are designed to improve the administration of the program.

Part A, Strengthening Institutions

Part A of Title III provides Federal financial assistance to strengthen institutions of higher education that are in severe financial hardship. Funds can be used for a variety of purposes, including faculty development, funds and administrative management, the joint use of libraries and laboratories, and student services.

In order to become eligible to receive Part A funds, an institution must demonstrate that it has relatively low educational and general expenditures compared to a similar class of institutions, and that it enrolls a high percentage of disadvantaged (i.e. needy and minority) students. Institutions not meeting eligibility criteria may apply to the Secretary for a waiver. After receiving Title III eligibility, institutions must engage in a competition for grants. Currently, fewer than 20 percent of Part A grant applications are funded. Further, the cut-off for successful applicants under Part A is usually higher than 95 points out of a possible 100.

A strong justification remains for the direct Federal support of struggling colleges and universities that enroll high percentages of disadvantaged students. Institutions receiving Part A funds serve segments of society that historically have been underrepresented in higher education. Attainment of a college degree is a primary means for these individuals to enhance their economic opportuni-

ties. The need for Part A funds is undisputable, as witnessed by the surfeit of applications compared to available funds.

Part A funds are especially valuable for institutions because they can be deployed in many fashions. Although the funds cannot eliminate the financial problems created for many institutions by external factors—including the continuing decline in the number of 18-24 year olds in the population, widespread reductions in State support for higher education, and increases well above the inflation rate for the “marketbasket” of goods and services that colleges and universities purchase—such funds can help institutions through periods of financial stress, and help them to provide higher levels of educational and other offerings. A Part A grant often comprises 10 percent or more of an institution’s annual educational and general expenditures.

Under Part A, the Committee adopted several suggestions from the Department of Education to improve the administration of Title III programs. Amendments to Part A include eliminating the tie-breaker provisions for awarding grants under this Part because these provisions have not been used by the Department.

The Committee, at the recommendation of the Department, has eliminated the requirement that an institution of higher education be in existence for 5 years in order to be eligible for Part A funds. This requirement was enacted in 1965 when the number of new institutions being established was much higher than it is now. Today, there is less of a need to ensure that Part A funds will be used to strengthen existing “struggling” institutions rather than be awarded to new institutions to use for initial development. Also, the 5-year rule is unduly burdensome to administer and is subject to a number of statutory waivers.

The Committee has eliminated the 3 and 4 year grants. Under H.R. 3553, grants will be awarded for 1 year planning grants and 5 year development grants. Planning grants help institutions move towards self-sufficiency and prepare to effectively use a five year grants, while development is better served by grants that emphasize long-range projects. Also, limiting each grantee to one of each type of grant will ensure that more institutions are able to participate in Part A.

The Committee has added a requirement that Part A institutions include in their grant applications a description of the institution’s goals for financial management and academic programs, and a plan for achieving such goals.

The Committee has not eliminated the “wait out” period for Part A grants. Under H.R. 3553, institutions receiving the 5 year grant will be required to wait out five years before applying for another Part A grant. The Committee believes that retaining the wait out provision is prudent because it enables many different institutions to benefit from Part A grants. Also, Part A was never intended to be a permanent source of funding for any institution; elimination of the wait out provision has the potential of leading to permanent grants for some institutions.

For Part A, there are authorized to be appropriated \$150,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

Part B, Strengthening Historically Black Colleges and Universities

By the year 2000, well over one third of new entrants into the work force will be minorities and women, and the majority of new jobs will require at least two years of postsecondary education. Yet the gap separating the college participation rates of white youth from minority youth age 18-24 has widened from 5 percentage points in 1976 to 10 percentage points in 1989. The ability of the United States to compete with other nations in the future is inextricably linked to how well our African American and other minority youth are educated today. Congress has, through the 1986 amendments to the Higher Education Act, underscored the point that in order for our Nation to be most competitive and productive in the future, a greater opportunity for a college education must be provided to more African Americans. A key link to the chain of expanding college opportunity for African American youth is strengthening the Nation's historically Black colleges and universities (HBCUs).

The amendments to Title III made through H.R. 3553 reaffirm previous findings by Congress that are still relevant today. Among the findings are that the States and Federal Government discriminated against HBCUs in the allocation of land and financial resources under the Morrill Act of 1862 and its progeny, and against public and private HBCUs in the awarding of Federal contracts, grants, and other Federal resources. The current state of Black college and universities is partly attributable to these discriminatory actions; therefore, remediation and enhancement continue to be required in order to restore a level playing field and to redress the discrimination of the past.

Congress has recognized that important national interests and national goals are furthered by aiding institutions of higher education that have historically served students who have been denied equal access to postsecondary education because of race or because they were compelled by law to attend markedly inferior institutions. Congress has recognized the fundamental wisdom of strengthening HBCUs because they provide large concentrations of African American students with access to quality education. HBCUs award nearly 40 percent of the bachelors degrees received by Black students. While the proportion of Blacks enrolling in college has declined, the number of students enrolling in public Black colleges increased over 13 percent from 1986 to 1989. At private HBCUs, there has been enrollment gains of 16 percent over the last four years (1986-1990).

Title III aid has been extremely important to the enhancement of HBCUs. Grants awarded under this title have been an integral part of the progress of HBCUs toward excellence and self-sufficiency. To add to the spectrum of effective uses of these grants, H.R. 3553 amends Title III Section 323(a) to allow HBCUs to use funds awarded under Part B: (1) to establish or improve a development office in order to increase contributions from alumni and private sector sources; (2) to establish or enhance a program of teacher education and teacher certification preparation designed to qualify students to teach elementary or secondary education in public schools in the State in which the institution is located and; (3) to

establish community outreach programs that will encourage elementary and secondary students to develop their academic skills and interest in postsecondary education. Over the five years since the last reauthorization of the Act, appropriations for Part B and Section 326 have increased. However, of the neediest institutions, sixteen have not received an allocation above the \$350,000 minimum. A change in the award floor is provided in H.R. 3553 to equalize the funding among undergraduate HBCUs. Therefore, Title III is amended to raise the minimum allotment for Part B grants from \$350,000 to \$500,000.

For Part B, other than Section 326, there are authorized to be appropriated \$150,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

Section 326 of Part B, Graduate Institutions

African Americans continue to be underrepresented in the health and legal professions and in doctoral programs. Between 1977 and 1987, the number of Blacks earning PhDs declined from 1,116 to 765. During that time the number of Black males earning PhDs dropped from 684 to 317. The 765 PhDs earned by African Americans in 1987 represented 3.4 percent of the total number of doctoral degrees awarded to American citizens. As a whole the number of Americans receiving doctorates has been declining for over a decade and our capacity to reverse this downward trend has been hampered by our inability to attract minorities, especially African Americans, and women into doctoral programs. According to the Association of American Universities, if current trends persist the Nation will suffer a yearly shortage of 7,500 natural sciences and engineering PhDs just a few years into the next century. Shortages of PhDs in the humanities and social sciences are also imminent unless prompt measures are taken. It takes an average of seven years to earn a PhD, therefore the additional students required to meet the demands of the future should be entering baccalaureate degree study now.

Despite their small size and number as compared to the majority of U.S. institutions, HBCUs have been more effective than other institutions in producing African American graduate students. According to the National Association for Equal Opportunity in Higher Education, HBCUs graduate on a per institution basis, three and half times more Black PhDs than all majority U.S. institutions combined. Title III Section 326 has been a good investment for the Nation. All five of the institutions currently receiving aid under this program have developed outstanding programs and enhanced their applicant pool. In the light of the underrepresentation of African Americans among doctoral and professional students, there is a need to include additional eligible institutions in Section 326B. These five new institutions are Florida A&M University College of Pharmacy, Xavier University of New Orleans College of Pharmacy, North Carolina Central University School of Law, Southern University School of Law and the Texas University College of Pharmacy or Law.

H.R. 3553 provides a mechanism for adding the five new institutions without adversely affecting the awards to the existing five schools. All newly appropriated funds above the FY 1992 level will

be shared equally among the five new schools until each Section 326 institutions is required to "match" their award on a dollar for dollar basis. Once parity is achieved, all ten schools will share equally in subsequent year appropriations.

For Section 326, there are authorized to be appropriated \$20,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

Part C, Endowment Challenge Grants

The Endowment Challenge Grant Program was established to ensure that the Federal Government play a significant role in increasing the financial stability of developing institutions and HBCUs. Institutions receiving Part C grants must invest their assistance in low-risk securities approved within their State for investment by regulated insurance companies. The H.R. 3553 amendments make several changes to the program in order to improve its operation.

The Committee has increased the appropriations trigger for \$1,000,000 grants under Part C from \$10,000,000 to \$20,000,000 and requires that institutions receiving grants under Part C "wait out" for 10 years before applying for a subsequent grant. The 10-year wait out provision applies only when the appropriations for Part C is less than \$20,000,000; when the appropriations is over \$20,000,000, then the wait out period is reduced to 5 years. The minimum Part C grant is established at \$500,000.

The Committee has also amended Part C to place a priority for awarding grants to institutions which have received a Part A or B grant within the previous 5 years. Grant applicants must include in the application the institution's long and short term plans for raising funds and using the grant dollars provided under Part C. Finally, the Committee has eliminated the unfunded Challenge Grant program.

For Part C, there are authorized to be appropriated \$60,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

Part C set-aside for HBCUs

From 1984-1986, HBCUs received about 50 percent of the funds under the Challenge Grant program as a result of the application of an existing HBCU set-aside in Title III. After the removal of that set-aside in the 1986 amendments, HBCUs received only 13 percent of the Challenge Grant funds from 1987-1990. In 1987, only 3 percent of the 36 grants went to HBCUs; 8 percent of 24 grants went to HBCUs in 1988; 5 percent of 20 grants went to HBCUs in 1989, and 5 percent of 20 grants went to HBCUs in 1990. The Title III C Endowment Grant was intended to be a springboard to help HBCUs and other developing institutions move toward financial stability and self sufficiency. HBCUs must significantly increase their endowments in order to prepare themselves to meet the needs of the future. To help ensure the long term growth and development of HBCUs, Title III is amended to include a 30 percent set-aside for HBCUs under Part C Endowment Challenge Grants.

The documented success that HBCUs have had in educating Blacks, over the years, their current level of productivity, coupled

with their comparatively low level of funding, warrant additional support from the Federal Government.

Part A set-asides

The Committee has eliminated or modified two set-asides under the Part A program. Under current law, at least \$51.2 million is required to be awarded to 2 year institutions. The Committee has eliminated this set-aside because it is unnecessary. Community colleges are receiving more than this amount in Part A grant aid and are therefore competing effectively with other Part A institutions.

The other set-aside was concerned with institutions that enroll high percentages of minority students. Under current law, 25 percent of the excess appropriation above the FY 1986 level for Part A must be awarded to eligible institutions with the highest percentage of students who are Black, Hispanic, Native American, Asian American, Native Hawaiians and/or Pacific Islander. The Committee has modified this requirement to state that 25 percent of the excess appropriation above the FY 1986 level be set aside for eligible institutions where at least 60 percent of the students are Black, Hispanic, Native American, Asian American, Native Hawaiian and/or Pacific Islanders. This change ensures a more equitable competition for these funds.

TITLE IV—STUDENT ASSISTANCE

Part A, subpart 1, Federal Pell Grants

H.R. 3553 changes the name of the grants awarded under this subpart to "Federal Pell Grants." The Committee believes that it is important that students and their parents recognize that these grants are provided by the Federal Government.

The original intent of the Federal Pell Grant program was to be the foundation of Federal student financial aid. Indeed, the original name of the program, until it was renamed in 1980 in honor of its author, Senator Claiborne Pell, was the "Basic" Educational Opportunity Grant program.

Generally considered the foundation of student assistance, the Federal Pell Grant program received a great deal of attention by the Committee in this reauthorization. Since 1973, when awards were first made to undergraduate students from low-income families to help them finance their education, the annual number of awards has grown from 176,000 recipients to just under 3.3 million in 1990.

However, in spite of the increase in the number of Federal Pell grants awarded, loans, instead of grants, have become the foundation of Federal student financial assistance. Looking only at the Federal Pell Grant and the Stafford Loan program, the Committee found that for academic year 1976-1977 the Federal Pell Grant provided slightly more aid to students than the Stafford Loan program. For the 1990-1991 academic year the Stafford Loan program provided more than two and one half times as much aid as the Federal Pell Grant program. So, rather than a little more than one grant dollar for each loan dollar as in 1976-1977, we are now providing two and a half loan dollars for every grant dollar.

The purchasing power of the Federal Pell Grant program has also dramatically eroded as more reliance has been placed on loans. In 1980, the maximum Federal Pell Grant paid for about 50 percent of the average cost of attending postsecondary education. Today, the maximum Federal Pell Grant buys only about 25 percent of the average cost of attending postsecondary education.

If the maximum Federal Pell Grant award had simply kept up with inflation since it was funded at the authorized maximum level of \$1,800 in 1979, it would be projected to be about \$4,500 for the academic year 1993-1994, which is the level proposed by H.R. 3553. This increase was drawn from H.R. 3279, introduced by Representative Tim Roemer.

Instead of keeping up with inflation or even with the more modest maximums provided for in the law, the maximum award for academic year 1992-1993 is only \$2,400. The 1992 maximum of \$2,400, adjusted for inflation, represents approximately 56 percent of the value of the \$1,800 maximum Federal Pell Grant in 1979. In fact, since the program was created in 1972 appropriations have only been sufficient to fund the authorized maximum three times, the last time being in 1979.

The imbalance between loans and grants has meant a steady growth in student debt, a narrowing of educational opportunity for students from low and moderate income families and the exclusion of middle income families from the Federal Pell grant program. It has also meant a steady increase in loan defaults. The Committee notes that as we make more loans and larger loans to high-risk students from low-income families, it should come as no surprise that default costs have increased.

The Committee found that cumulative student debt increased almost five times between 1980 and 1989 from \$21 billion to over \$100 billion. Average student debt has increased by over one-third. We have created a new indentured class in the United States, the student debtor. Low-income and minority students are unwilling to borrow large amounts and all too often choose to not pursue a postsecondary education rather than undertake a substantial loan burden. The Committee believes that this limits equal educational opportunity, thus defeating the purpose of Federal student financial assistance.

In 1979, a student from the "typical" family of four with an income of \$25,000 could receive the minimum Federal Pell Grant. The Committee notes that if Federal funding had just kept up with inflation, the minimum Federal Pell Grant should be going to the student from the "typical" family of four with an income of about \$49,000.

The Committee at that time stated that the purpose of making Federal Pell grants available to students from families in this income range was to "provide needed financial assistance to students from hard-pressed working class and middle-income families * * * and increases [sic] the benefits for students from low-income families." However, testimony before the Committee showed that 33 percent of the Federal Pell Grant recipients are from families with incomes of less than \$30,000 and more than 70 percent are from families with incomes of less than \$15,000. H.R. 3553 would

restore eligibility to the program for families with incomes of approximately \$49,000 for the minimum Federal Pell Grant.

Since the authorized maximum Federal Pell Grant has not been funded in 13 years, the committee believes that simply writing more authorization levels in the law will only be another exercise in making empty promises and will do nothing to redress the imbalance between loans and grants.

The Committee believes that in order to effectively provide educational opportunity to students from low-income, working and middle-income families funding for the Federal Pell Grant must be assured. The only way to ensure funding of the authorized Federal Pell Grant program is through an entitlement. H.R. 3553 will ensure students that they will have the same level of grant support for postsecondary education that was provided over a decade ago.

The Committee also changed the award rules to ensure that all needy students receive awards proportional to their need and to increase the tuition-sensitivity of awards. The new award rules are based on two components: one to cover the cost of living expenses and one to cover tuition expenses. For academic year 1992-1993, the \$4,500 maximum Federal Pell grant would be based on a \$2,750 maximum for living expenses (which is about half of the average student expenses of \$5,860 per year for room, board, books, and supplies) in addition to 25 percent of tuition expenses up to \$1,750.

As a continuation of an effort begun with the Higher Education Amendments of 1986 to establish a single need analysis for all Federal student financial assistance, the Committee removes the Federal Pell needs analysis from the law and uses the Expected Family Contribution from Part F to determine the student's Federal Pell award.

H.R. 3553 includes tables for determining Federal Pell grant awards. Tables 1 and 2 in the bill lay out the relationship between the new award rules and the expected family contribution (EFC) for both dependent and independent students for academic year 1992-1993. For example, students with a zero EFC would receive the maximum award at their institution. Dependent students with EFCs of \$200 would receive \$323 less than the maximum award at their institution.

Tables 3 and 4 allow the payment schedules in tables 1 and 2 to be updated annually based on the Consumer Price Index. This will prevent further erosion in the Federal Pell grant program. Half of the annual increase would be added to all cells in the table. The remaining half would be used to increase the limit on the amount of tuition covered by Federal Pell grants.

These tables were developed to achieve two major goals of the Committee. First, students will have all of their need for Federal student assistance computed using a single need analysis; however, no students currently eligible for Federal Pell would lose eligibility or have their award sizes decreased. Second, Federal Pell eligibility will be restored for students from working class and middle income families. Students from families with incomes up to \$49,000 would be eligible for Federal Pell grants.

The Committee recognizes the importance of expanding Federal Pell grant eligibility to students who are continuing to make satisfactory progress in their education yet cannot complete their de-

degrees within the time frame prescribed by current law. These restrictions in current law were especially hard on nontraditional students and students with disabilities, who may find it difficult to complete their degrees within the mandated time frame. In an attempt to expand access to all types of students, H.R. 3553 eliminates the requirement that a student will be eligible for Federal Pell grants for only 5 or 6 years, if in a 4 or 5 year program respectively.

However, the Committee recognizes the potential for misuse of Federal money by students who may deliberately extend their participation and we expect close oversight of the duration of students' matriculation through their postsecondary education.

In 1986, the Committee ended the long-standing ban on allowing students enrolled in postsecondary education on a less-than-half-time basis from participating in the Federal student assistance programs funded under Title IV. The basic reasoning was that need-based student aid should, in fact, serve all who demonstrate need and the law should not discriminate against some of the neediest students on non-need-based grounds such as the intensity of enrollment.

H.R. 3553 reiterates the Committee's belief that a student enrolled on a less-than-half-time basis, who is seriously pursuing a degree or certificate and able to demonstrate financial need, should be entitled to a Federal Pell Grant commensurate with his or her needs and costs of attendance. The Committee heard in testimony that adult students, many of whom have children and other family responsibilities, who attend evening or weekend classes and work toward a degree are among the most dedicated members of the entire student population. This provision was drawn from H.R. 2331, introduced by Representative Patsy Mink.

The Committee believes that students need to attend on a less-than-half-time basis either at the beginning or end of their program or, due to financial and family obligations, for a limited period of time during their program of study. Therefore the Committee limits a student to five semesters of study on a less-than-half-time basis.

The current minimum Federal Pell grant is \$200, a minimum set in 1972. The Committee feels that this minimum grant size needs to be increased to \$400. However, students who are attending on a less-than-half-time basis are specifically exempted from this provision. For these students, especially those attending a lower-cost institution, a Federal Pell grant between \$200 and \$400 could cover the direct costs of their education and therefore give the student an educational opportunity that he or she would not otherwise have.

Subpart 2, Federal Supplemental Educational Opportunity Grants

H.R. 3553 changes the name of the grants awarded under this subpart to "Federal Supplemental Educational Opportunity Grants." The Committee believes that it is important that students and their parents recognize that these grants, and other assistance under Title IV, are provided by the Federal Government.

The Committee believes that the Federal Supplemental Educational Opportunity Grant (Federal SEOG) program is of critical im-

portance to students who demonstrate exceptional need for supplemental grant support in addition to the basic grant provided by the Federal Pell grant program. The 1986 amendments emphasized the interaction between these two grant programs by requiring that at least three-quarters of the recipients of Federal SEOG awards at a given institution of higher education also be recipients of Federal Pell grants. The Committee heard testimony that the language of this provision was restricting institutions from awarding Federal SEOG to students with the greatest need. Therefore H.R. 3553 provides increased flexibility to institutions in distributing Federal SEOG funds. However, the Committee continues to intend that Federal SEOG funds be targeted on students with the greatest financial need.

The Committee found that over the last decade, there has been a dramatic increase in the number of students attending on a part-time basis and the number of independent students. In order for these nontraditional students to have increased access to postsecondary education, and to assistance under this title, it is important to define the nontraditional student.

The nontraditional student includes students who are attending less than full time, who are age 24 or older, who are single parents, or who are independent students.

H.R. 3553 states that a reasonable amount of Federal SEOG funds should be allocated to nontraditional students. The Committee refrains from requiring a strict proportional allocation, recognizing that this may be overly restrictive. The Committee intends that while institutions are given discretion in allocating an equitable amount of funds for nontraditional students, this discretion should not result in an institution's disregarding the plain intent of the law. This provision was taken from H.R. 3241, legislation introduced by Representative Steve Gunderson to address the needs of nontraditional students.

H.R. 3553 authorizes \$700,000,000 for fiscal year 1993 and such sums for the succeeding four years for this program.

Subpart 3, State Student Incentive Grants

The Committee believes that the State Student Incentive Grant (SSIG) program is a successful partnership between the Federal Government and states. However, the Committee believes that additional Federal funding should generate additional state appropriations. Therefore, H.R. 3553 includes a provision that requires, once Federal funding levels for SSIG exceed \$75 million, states to increase their contribution to this program in order to receive additional SSIG funds.

H.R. 3553 authorizes \$125,000,000 for fiscal year 1993 and such sums as necessary for the succeeding four fiscal years.

Subpart 4, Federal Early Outreach and Student Services Programs

In recognition of the Committee's belief that information, counseling, academic services, and early outreach activities are an integral part of the student assistance program aimed at achieving equal educational opportunity, the Committee has designed a comprehensive approach to providing information and services.

H.R. 3553 establishes a new Subpart 1 to Title IV of the Act, to provide economically and educationally disadvantaged students with the encouragement, information and services they need to take advantage of the educational opportunities provided by the student financial assistance in the rest of the title.

The Committee recognizes that students who do not believe that they can afford to go to college do not pursue academic goals that lead to postsecondary education. The Committee found that this is especially true for at-risk students. The Committee includes language to ensure that students with disabilities are included as one of the targeted groups needing early intervention and student support services in order for successful participation in postsecondary education. It is imperative that all students and their families learn about the availability of financial assistance for postsecondary education early in their school years.

The General Accounting Office report entitled "Gaps in Parents' and Students' Knowledge of School Costs and Federal Aid" indicated that only 12 percent of all high school sophomores knew about the existence of Federal Pell Grants and only 8 percent were aware of Stafford Loans. Fewer than half of the parents of high school seniors who were polled were able to identify the major Federal financial aid programs.

Students who do not think they can pay for college do not prepare for college. Many do not complete high school. Early intervention to encourage high school students to stay in school and pursue academic goals that lead to postsecondary education must be a national priority.

For this reason and the reasons outlined in the purpose section of this subpart, the Committee establishes 8 new programs to provide early intervention and student support services.

This subpart includes modifications to the highly successful TRIO programs, authorizations for a new state-based scholarship and outreach program entitled the National Liberty Scholarships and Partnerships Program, development and dissemination of information on successful outreach to specific student populations under the Model Program Community Partnership Counseling Grants program, rewards and incentives for students who achieve under the Presidential Honors Awards and the Congressional Honors Awards programs, training and technical assistance for teachers and counselors, and incentives for states to establish student savings programs.

These provisions include ideas from H.R. 3329, introduced by Representative Jack Reed; H.R. 2350, the National Liberty Scholarship and Partnership Act, introduced by Representative Nita Lowey; H.R. 1524, the Student Counseling and Assistance Network Act, introduced by Representative Tom Sawyer; H.R. 3261, introduced by Representative Susan Molinari; and amendments offered by Representatives Jack Reed and Scott Klug.

Chapter 1—TRIO Programs

Since the initial authorization of the Higher Education Act in 1965, the importance of the programs authorized under what is now termed the TRIO Programs has become increasingly recognized. Access and retention services are an absolutely essential

component of the Federal strategy to ensure equal educational opportunity.

The Committee is convinced that the design of the TRIO programs as it has evolved is sound. Widespread support of TRIO programs in communities across the nation, in the Congress and within the Administration confirm that belief. Accordingly, a number of the changes made in TRIO program design in this bill are a logical extension from twenty-five years of program experience.

The increase of the authorization level to \$750 million reflects the Committee's confidence in the strength of TRIO design as well as the conviction that TRIO services must be expanded to enroll a larger percentage of the eligible population. The committee notes that presently fewer than 5 percent of eligible youth and adults are served.

In addition to adequate funding, TRIO staffs also need better information regarding effective practices. For that reason H.R. 3553 mandates that each year the staff development activities authorized under the subpart will include training for new TRIO directors as well as educational programs on legislative and regulatory requirements governing TRIO program operations, on assisting students in receiving adequate financial aid, and on the design and operation of model TRIO programs.

H.R. 3553 also includes new evaluations of TRIO. One principal purpose of these evaluations is to identify practices especially effective in increasing access and retention of low-income students, first-generation students, and students with disabilities so that these practices may be replicated. H.R. 3553 mandates that information gained through these evaluations be widely disseminated among TRIO programs and among similar programs regardless of funding source.

The Committee intends the Secretary to answer the following questions as part of this evaluation: 1) Are those who can most benefit from these services being served? 2) How do the programs determine eligibility? 3) Are the methods and services being delivered appropriate to the students being served? 4) Are TRIO programs too concentrated on relatively small numbers of individuals? 5) Are there methods for wider distribution of services without a significant reduction in effectiveness? 6) What are the outcomes being achieved by TRIO? These questions were taken from H.R. 3136, introduced by Representative William Lipinski.

The Committee has always looked upon the TRIO programs as integrally related to the student financial aid programs. The Committee views the provision of these access and information services as an on-going Federal responsibility. As with other provisions of Federal student financial assistance this responsibility is shared with the states, with institutions, and with local communities. Given this on-going Federal responsibility to provide access and support services, the Committee does not view TRIO services as experimental or as demonstration projects.

The Committee intends that TRIO services at a given institution or agency will not be discontinued arbitrarily or abruptly. The Committee seeks to encourage student and community reliance on TRIO services just as it seeks to encourage student and community

reliance on Federal Pell and other student financial aid programs. For this reason, the 1980 Education Amendments included language emphasizing prior experience in awarding TRIO grants and contracts; this language strengthens provisions enacted in 1986.

A number of additional changes are included in H.R. 3553 to promote continuity of service. This legislation requires that grants be made for a period of five years, and that the Secretary make timely notification of funding. H.R. 3553 also prohibits the Secretary from allowing a lapse in funding between program cycles.

The Committee also desires to promote interest in the TRIO programs among new providers and extension of services to presently unserved or underserved populations. For this reason, H.R. 3553 amends the definition of eligible grantees to include combinations of institutions, agencies and organizations as well as institutions of higher education, public and private agencies and organizations, and secondary schools.

Further, H.R. 3553 prohibits placing limitations on the number of applications that may be submitted by one institution, organization or agency. The Committee heard in testimony that this limitation has been used to prevent interested institutions from extending services from one targeted population to another. For example, the imposition of the limitation has acted to prevent an institution from submitting a request for new funding to serve low-income students in a Student Support Services project because that same institution is presently sponsoring a Student Support Services project solely for students with disabilities. Similarly this prohibition has been used to prevent institutions from extending services to additional campuses of a multi-campus institution.

For the first time H.R. 3553 lists services which may be provided by Talent Search and Educational Opportunity Center projects. Listings of permissible services were included in this subpart for Student Support Services and Upward Bound in 1980. As with those programs, the Committee does not intend that by including a listing of permissible services for Educational Opportunity Centers and Talent Search, each individual project is required to provide all of the services. Such determinations can only be made by individuals with knowledge both of the difficulties experienced by disadvantaged students in a given institution or locality and of the locally funded resources available to such students.

For the first time, the Committee outlines core curriculum requirements in the Upward Bound program in order to ensure that students enrolled in Upward Bound programs are offered a rigorous curricula which will allow them to successfully complete in a full range of postsecondary programs.

H.R. 3553 lowers the age of eligibility for Talent Search to allow individuals who have completed 5 years of elementary education or are at least 11 years of age to participate. This change was made in response to a substantial body of testimony regarding the need for earlier intervention to promote postsecondary access.

H.R. 3553 replaces the term "physically handicapped" with the term "individuals with disabilities." This term is defined under Section 3 of the Americans with Disabilities Act of 1990. This term includes individuals with physical disabilities, mental disabilities, learning disabilities and emotional disturbances.

The Committee has also delineated the purpose of Student Support Services programs in H.R. 3553. Student Support Services programs are designed to increase college retention and graduation rates, to increase transfer rates and to foster a climate supportive of the success of low-income students, first-generation students and students with disabilities. The Committee believes that achievement of each of these goals is necessary before the nation can realize its goal of assuring equal educational opportunity in postsecondary education and that Student Support Services programs have a critical role to play in this regard.

The Committee believes that the success of Student Support Services programs rests, in large part, upon the commitment of the sponsoring institutions to the success of students from low-income families, first-generation college students and students with disabilities. Students with disabilities from low-income families have two sets of obstacles to overcome if they are to gain access and be successful in college. The Committee recognizes that, due to the unique challenges faced by students with disabilities, the services provided under this program (including tutoring and academic and personal (counseling) may be crucial in enabling such students to successfully participate in a postsecondary education program. In adding language requiring that not less than one-third of the individuals with disabilities participating in a Student Support Services project be low-income individuals, the Committee wishes to emphasize the importance of outreach to this population. Students with disabilities who are also economically disadvantaged often face even greater difficulties at the postsecondary education level. In addition to meeting the challenges posed by their disability, low income students face the additional burden of being less able to independently purchase the supportive services they may require to successfully participate in a postsecondary education program. The language in this part is not intended to reduce the number of students with disabilities who are now served by the Student Support Services program, but rather to place a priority on seeking out and serving low income students who have disabilities.

H.R. 3553 alters one assurance required from institutions applying for a Student Support Services program. Previously institutions were required to assure that each student enrolled in the project would receive sufficient financial assistance to meet that student's full financial need. The Committee changed the assurance from "will receive" to "will be offered" in recognition of the fact that institutions have limited power to require individuals to accept each element of an aid package offered. The Committee was particularly concerned that the assurance as previously worded added pressure on low-income students to accept inappropriately high levels of loans.

In making this change, the Committee continues to affirm the necessity of offering young people and adults enrolled in Student Support Services projects sufficient financial aid to meet their need. Adequate financial resources to meet the cost of attendance as defined by the institution are necessary if disadvantaged students are to be provided a realistic opportunity to successfully complete a postsecondary program. The Committee notes that absent

such financial assistance, supportive services cannot be fully effective in promoting retention and graduation.

In addition to including changes in the TRIO subpart which reflect program experience and Congressional confidence in current delivery mechanisms, the Committee includes a substantial number of changes to the TRIO subpart as a result of a long-standing and deep frustration on the part of both the Committee and the higher education community over what appears to be a consistent failure by the Department of Education to properly manage the TRIO programs. It is noteworthy, for example, that the Senate Committee reports accompanying both the fiscal year 1991 and the fiscal year 1992 appropriations bills for the Department of Education include extensive comments reflecting Senate concerns regarding the administration of the TRIO programs.

As a result, in H.R. 3553, this Committee has taken steps designed to increase public confidence in the procedures used to evaluate proposals for funds under this subpart, in the processes used in determining and awarding TRIO grants, and in the general decision-making processes used by the Department in its administration of these important programs.

There is widespread concern within the Congress and among colleagues, universities and agencies applying for and receiving TRIO funds that insufficient thought is given to Departmental decisions as they impact upon the quality of services available to individuals. Moreover, there is concern that adequate safeguards have not been put in place to prevent the introduction of bias into the funding process.

As a result, the committee has included both language designed to ensure that projects have adequate funds to meet legislative expectations and language designed to increase public confidence in the awards process. H.R. 3553 requires the Secretary to fund TRIO applicants in rank order as determined by the peer review process as adjusted for prior experience. This legislation requires the Secretary to provide continuing TRIO programs (whether these programs are in the second or subsequent year of a multi-year cycle or in the first year of a new cycle) inflationary increases to reflect the rate of increase in the Consumer Price Index. H.R. 3553 also requires the Secretary to fund projects at levels not less than the minimum established in the subpart.

The Committee is concerned that no regulatory provisions have been published defining appropriate documentation to confirm that an individual is from a low-income family. However, in site visits and audits, the Department has cited agencies for inadequate eligibility documentation. In response, H.R. 3553 defines the documentation necessary in individual programs to establish eligibility by virtue of income. This section mandates that a signed student financial aid application is the only appropriate documentation for income for projects where participants are already enrolled in post-secondary programs, both Student Support Services and the Ronald E. McNair Post-baccalaureate Achievement Program.

In Upward Bound, where sustained and intensive services are provided, the Committee intends that only a signed statement from a parent or legal guardian, verification from another governmental source, or a signed Federal income tax return are sufficient docu-

mentation of income eligibility. In Educational Opportunity Centers and Talent Search, the documentation requirement may be met by the materials delineated for Upward Bound. Additionally, H.R. 3553 requires that in these two programs a signed financial aid application will also meet the documentation requirement, and for individuals over eighteen and for individuals defined as independent students under Part F, a signed statement from the individual will also meet the requirement. With respect to Educational Opportunity Centers and Talent Search, the Committee does not require documentation of income or first-generation status for the one-third of a project's participants who are not covered under these requirements.

The Committee found that Department of Education policy has also been inconsistent with Congressional intent regarding non-Federal funding of access and retention services. In viewing the provision of these services as a joint Federal, state, institutional and community responsibility, the Committee intends to encourage rather than penalize any state, institution or community which provides similar services to disadvantaged students, regardless of how the group eligible for such services is defined.

H.R. 3553 provides that the Secretary shall encourage coordination of programs funded under this chapter with other programs for disadvantaged students operated by the sponsoring institution or agency, regardless of funding source. It prohibits the Secretary from publishing regulations which limit an institution, organization or agency's ability to receive TRIO funds by virtue of its sponsorship of similar programs.

H.R. 3553 prohibits the Secretary from requiring a separate director for a project funded under this subpart if the imposition of this requirement would hinder coordination among programs for disadvantaged students. The Committee recognizes that the operation of access and retention programs, particularly coordinated programs, on individual campuses and in individual agencies varies significantly. In view of the variation and complexity, the Committee encourages the Secretary to assure that a sufficient number of knowledgeable staff within the Department of Education are charged with the responsibility for administering TRIO programs.

The Committee continues to affirm that appropriate tests of an institution or agency's administrative plan for coordination with other programs for disadvantaged students include both assuring that TRIO funds are only utilized to provide services to participants who are eligible under the appropriate section of this subpart and also assuring that TRIO funds are not used to subsidize services available to an entire student body.

The Committee notes that for fiscal year 1991, the Department has also, without soliciting public comment, changed its policy regarding allowable costs under the Ronald E. McNair Post-baccalaureate Achievement Program. In response, the Committee has added clarifying language regarding the payment of stipends under the McNair program. In addition to stipends, costs for summer room and board, summer tuition, and transportation to summer programs are allowable costs under this program. Additionally, the Committee intends that costs associated with providing McNair

students exposure to cultural events and academic programs that are not usually available to disadvantaged students are allowable.

In the Committee's view, the present confusion would not have arisen if the Department had published regulations for the McNair program. The Committee is deeply concerned that the Department has never published these regulations.

Chapter 2—National Liberty Scholarships and Partnerships Program

Chapter 2 of this subpart authorizes the creation of the National Liberty Partnership Program and the National Liberty Scholarship. These programs, which constitute the state-level component of the Federal Early Outreach and Student Services Programs, will assist states in creating early intervention partnerships and comprehensive college scholarships for disadvantaged youth.

The Committee is impressed by the demonstrated success (as documented by the General Accounting Office) and enormous potential of programs which offer early intervention services in combination with comprehensive grant assistance. These programs not only ensure that disadvantaged students can afford a college education, but they provide the support that is needed to keep at-risk students in high school and prepare them for postsecondary education. The National Liberty Partnership and Scholarship programs contained in Section 403 are based on innovative programs in New York State and elsewhere around the nation that combine strong support services and assurances of aid to students who are at risk of dropping out of school.

The National Liberty Partnership program will provide matching grants to states for comprehensive early intervention and outreach service for at-risk youth. The Committee intends that states will mobilize colleges and universities, secondary schools, nonprofit organizations, and business groups into partnerships designed to provide comprehensive support services including: skills assessment; academic, personal and family counseling; tutoring; and mentoring. The Committee intends that an emphasis will be placed on keeping students in school and supplying them with the support and information necessary to prepare them for postsecondary education.

As an allowable activity under this program, the Committee believes that the establishment of a pre-freshman summer program to supplement existing Federal and state efforts will help disadvantaged students successfully complete college level study programs. This provision was drawn from H.R. 3261, introduced by Representative Susan Molinari.

The Committee found that years of experience in state opportunity programs demonstrate that pre-freshman summer programs are highly correlated with academic success for economically and educationally disadvantaged students. For example, of the nearly 7,000 students entering New York State's opportunity programs each year, approximately 4,500 receive services from pre-freshman programs. These summer programs contribute to remarkable successes reflected in these students' grade point averages, credit accumulation rates, graduation rates, and post-graduation activities. Based on a 1988 audit of state funded opportunity programs at the

City University of New York (CUNY), New York State's Legislative Commission on Expenditure Review concluded that pre-freshman summer programs were so highly associated with successful outcomes that participation in these programs should be required of all CUNY students enrolled in early outreach programs.

H.R. 3553 would allow states to use their grant assistance under this part to support institutions of higher education that are giving pre-freshman summer academic support services to disadvantaged students. The Committee intends that students participating in pre-freshman summer programs would be assured of a tuition-free pre-freshman summer filled with a wide range of support services and financial assistance for living expenses.

The National Liberty Scholarship program is designed to provide an early guarantee of grant assistance for college-bound youth from low-economic backgrounds. The Committee intends that the Liberty scholarship program will provide comprehensive grant assistance to complement Federal Pell grants, State Student Incentive Grants and other state grant assistance. Each state will determine the amount of its Liberty Scholarship award; however, the state may not provide less than 75 percent of the average cost of attendance at a public four-year institution of higher education within that state, including tuition, room and board, books and other costs. Liberty Scholarships may be used for attendance at public or private institutions of higher education. The Committee believes that this landmark program will for the first time provide a virtual guarantee of college opportunity for all students by eliminating income as an obstacle to a college education.

The Committee intends that the administration of these new partnership and scholarship programs will be modeled on the State Student Incentive Grant program. Participation in this program will be voluntary on the part of the states, but the Federal Government will provide an incentive by matching public and private state contributions on a dollar for dollar basis. The Committee intends that considerable flexibility will be afforded to the states in designing their own partnership and scholarship programs. However, each state must spend at least 25 percent, and not more than 50 percent, of its allocation on partnership programs. The Committee found that these provisions are consistent with recently developed principles for early intervention programs endorsed by the higher education community.

H.R. 3553 authorizes \$250,000,000 for fiscal year 1993 and such sums for the succeeding four years for this program.

Chapter 3--Model Program Community Partnership Counseling Grants

The Committee intends that grants under this section should be used to fund programs that utilize the combined efforts of schools and local organizations to encourage students who would not normally consider pursuing postsecondary education to go on to college.

The Committee intends that the grants go to programs that are tailored to meet specific geographic, social or cultural needs that could otherwise prevent students from going to college. The Com-

mittee notes that examples of these programs could include, although they are not limited to, the following:

- a plan from a rural or geographically isolated community that brings students into greater contact with other students who are interested in going to college, with adults who know about and benefitted from higher education and into greater contact with communities which support a wide variety of professions that require a college education;

- a plan from an urban community that offers alternative role models and incentives to students from homes where no one has ever attended college;

- a plan tailored to meet the needs of teenage mothers;

- a plan tailored to meet the needs of students for whom the English language is not their first language or not the language spoken at their home; or

- a plan tailored to serve students with disabilities, because it is important that these students are counselled early about the range of college opportunities available to them and what they must do in order to prepare for a postsecondary education.

H.R. 3553 stipulates that these grants should go to business, labor and community organizations which enter into plans with a local school or schools. The Committee intends that plans detail specific, on-going activities which would help students to identify career goals, which would show students how those goals can be achieved with a postsecondary education, which would inform students and their families of the financial assistance that is available to help pay for postsecondary education, and which would tutor students and help them pursue in a positive way academic and other school activities that are necessary for acceptance into postsecondary education. The Committee desires that organizations rely on the local school to recommend those students who could most benefit from this program and work with school teachers and counselors to find out what activities would be most helpful to students. The organizations should also keep schools informed of students' progress.

The Committee believes that information about those Model programs which demonstrate success at a specific school, by keeping a larger percentage of students in school and increasing the number of students who continue on to postsecondary education, should be shared with schools in other areas, particularly those areas that have similar geographic, social or cultural problems which tend to work against students pursuing postsecondary education. Therefore the Committee included a provision to disseminate the results of the Model programs through the National Diffusion Network.

H.R. 3553 authorizes \$70,000,000 for fiscal year 1993 and such sums for the succeeding four years for the model program and \$20,000,000 for fiscal year 1993 and such sums for the succeeding four years for the National Diffusion Network activities.

Chapter 4—Honors Awards

The Committee finds that the demand for outreach and support services to qualified individuals from disadvantaged backgrounds far exceeds currently available services and that ideally individuals would be served as early as the middle school years to promote

their success in secondary school and subsequently in postsecondary education. In repeated testimony, witnesses urged the Congress to consider intervention models coupling the promise of financial aid with active participation in an intervention program. The "I Have a Dream Program" was repeatedly referenced as a successful model.

The Committee included the Honors Awards program, both to strengthen existing early intervention programs by including a scholarship component and to maximize the number of institutions, agencies, businesses, parent groups, and other voluntary associations sponsoring early intervention programs. Under the Honors Awards program, each young person who is eligible for a Federal Pell grant, who participated in a qualified early intervention program for a period of three years and who met specific academic criteria would receive a Presidential Honors Scholarship. The amount of the scholarship would be 25 percent of the student's Federal Pell grant.

The Committee intends that qualified early intervention programs would include Talent Search and Upward Bound programs authorized under the TRIO subpart, Liberty Scholarship Partnership programs, Model Community Counseling Programs and other programs certified to be eligible by the state. H.R. 3553 states that to initially qualify for a Presidential Honors Scholarship students must also complete a secondary program including three years of mathematics, two years of science and four years of English and earn a grade point average of 2.5 or higher in the final two years of high school. In order to maintain their eligibility for Presidential Honors Scholarships, students must continue to be eligible for a Federal Pell grant and must maintain satisfactory academic progress at an institution of higher education.

Under H.R. 3553 the Secretary is charged with defining requirements that must be met for programs to become eligible early intervention programs. Minimally, each program must meet at least biweekly during the academic year for a period of at least two-years outside regular school hours. Each state would then be required to certify which programs within their jurisdiction met the requirements laid out by the Secretary.

Chapter 5—Technical Assistance for Teachers and Counselors

The Committee believes that few, if any, secondary or high school counselors, teachers or other school personnel receive adequate training during their own education in how to advise students and their families on the various ways to finance postsecondary education, and the availability of financial aid for postsecondary education.

The Committee notes that if students and their families do not believe that they can afford to pay for postsecondary education, students are often discouraged from pursuing excellence in their academic goals. Students may drop out of high school because they do not believe that it serves any valuable purposes for them. Early intervention approaches serving students with disabilities should be included in the information provided to counselors and teachers.

The Committee believes that if all students and their families are reached early in their school days and informed of the financial

aid that is available to pay for higher education, it will give them a strong incentive to stay in school and work for academic excellence.

It takes specialized knowledge to understand and explain financial aid for postsecondary education. The Committee believes that counselors, teachers and other school personnel who work with students on their academic decisions would benefit from training that teaches them how to understand and transmit financial aid information to all students. The Committee also believes that it is important that special education and vocational education teachers, as well as elementary and secondary teachers, receive training on up-to-date financial aid information so that these teachers have the tools necessary to advise their students about postsecondary education opportunities.

In addition, the Committee intends this section to provide training on identifying and serving those students who are most at risk of academic failure. The Committee hopes that information on postsecondary educational opportunities and student aid availability will give these students and their families a goal for remaining in school and pursuing a successful academic career.

This training would be particularly useful in economically or educationally disadvantaged school districts where a high proportion of students come from families that cannot afford to pay for postsecondary education and so not traditionally expect their children to attend college.

H.R. 3553 authorizes \$70,000,000 for fiscal year 1993 and such sums for the succeeding four years for this program.

Chapter 6—National Student Savings Demonstration Program

The Committee intends this chapter to provide families with an incentive to begin saving early for their children's education and to create a mechanism for community agencies, foundations, employers, and others to contribute to the educational needs of students in their community.

Hearing after hearing held by this Committee documented the difficulties parents face when trying to finance their children's education. During the joint House-Senate hearing in Providence, Rhode Island, a potential long-term solution was suggested by Frank Newman, the former President of the University of Rhode Island. Mr. Newman testified that the creation of a national savings bank containing an account for each child with the Federal Government providing a small grant that would be matched by the state could become a source of investment funds and provide the child with student assistance. Mr. Newman stated that a small account, if started early enough and was free of state taxes, could grow to assist the child.

This chapter creates a pilot program to test the feasibility of a national student savings bank. States chosen by the Secretary for the demonstration project would create or continue a savings account for each child in the state. The state shall determine the initial amount to be deposited in the account by the state, and the Federal Government would provide an amount equal to the state contribution, not to exceed \$50.

The Committee intends that individuals (including parents, grandparents, friends, other relatives and the child) and organizations (both public and private, non-profit and for-profit) may make, and should be encouraged to make, contributions to the child's account.

The Committee intends that the Secretary shall establish this program within one year of enactment and report to the Committee annually, providing an analysis of its effectiveness in meeting the goal of increased savings.

The Committee intends that these accounts be used to supplement, not supplant, existing state efforts such as the Rhode Island Children's Crusade and the Massachusetts College Opportunity Fund.

H.R. 3553 authorizes \$10,000,000 for fiscal year 1993 and such sums for the succeeding four years for this program.

Chapter 7—Public Information

The Committee believes that students and their families would benefit from being able to obtain current and complete information about financial assistance for postsecondary education and about eligibility criteria for this assistance.

The Committee notes that computer systems can dispense up-to-date information to innumerable locations from a single or a few locations. Therefore, this chapter authorizes the use of funds to establish, within the Department of Education, a computer data base system that will have current and complete information on all Federal financial aid for postsecondary education.

This data base should be accessible by either modems or toll-free telephone lines. The Committee intends this information line should also be accessible by telecommunications devices for the deaf (TDD's). This toll free information line should provide individualized financial assistance information to parents, students and other individuals, including individuals with disabilities. This provision, along with other provisions to improve access to postsecondary education for students with disabilities, was taken from H.R. 3426, introduced by Representative Steve Gunderson.

The Committee further intends that individuals with disabilities or their families who call this information line will be referred to the postsecondary clearinghouse authorized under the Individuals with Disabilities Education Act. It is the Committee's intent that access to postsecondary education information through this toll-free information line will assist all students and their families in obtaining specific information about available financial assistance.

The Committee further believes that it is important to publicize to school-age individuals and their families information about the existence of Federal student financial assistance for postsecondary education. The Committee notes that not all school-age individuals are in school. Further, many schools do not have adequate information about postsecondary education and Federal student financial assistance available to students.

Advertising, particularly on television, can reach a large audience and has been shown to be persuasive in reaching individuals in the school age population and influencing their career decisions. The Committee notes the success of the U.S. Army's "Be All That

You Can Be" advertising campaign. The Committee believes that it is important for the Federal Government to encourage all young people to pursue postsecondary education. Advertising can help to achieve this goal. Therefore, H.R. 3553 provides the Secretary with \$20 million for fiscal year 1993 and such sums as necessary for the four succeeding fiscal years for publicity activities and to establish a data base.

Chapter 8—Congressional Achievement Scholarship Program

This chapter provides Congressional Achievement Scholarships of up to \$500 to Federal Pell grant recipients who excel academically during their senior year in high school and in their chosen institutions of higher education.

The Committee intends that Federal Pell grant recipients who complete their senior year in high school in the top 10 percent of their graduating class would be eligible for a scholarship of up to \$500 during their first year of postsecondary study. The Committee intends that eligibility for such scholarships in succeeding years would be contingent upon the student ranking within the top 20 percent of his or her postsecondary class. The Committee intends that a Congressional Achievement Scholar may receive up to five scholarships, if the student is in a five year undergraduate program, each awarded for a period of one academic year.

The Committee believes that it is desirable to create incentives for academic achievement. It is the Committee's hope that this scholarship will reward Federal Pell grant recipients for excelling in their academic pursuits.

H.R. 3553 authorizes \$170,000,000 for fiscal year 1993 and such sums for the succeeding four years for this program.

Subpart 5, Special Programs For Student Whose Families Are Engaged In Migrant And Seasonal Farmwork

Migrant students are one of the most severely educationally deprived populations. Therefore, the Committee believes that the Secretary, in administering the programs under Title IV, should take into consideration how such programs as Federal Pell grants, student loans, Federal College Work-Study, and TRIO programs can meet the needs of migrant students.

H.R. 3553 provides for a five year grant period for both the College Assistance Migrant Program (CAMP) and the High School Equivalency Program (HEP) to promote greater stability and continuity in the delivery of services under these programs and to complement the grant cycle for other Federal outreach programs. The Committee also expands the definition of eligible participants in these programs to include participants in the programs for students whose families are engaged in migrant and seasonal farmwork under Chapter 1 of the Elementary and Secondary Education Act and the Job Training Partnership Act.

H.R. 3553 authorizes \$15,000,000 for fiscal year 1993 and such sums for the succeeding four years for the HEP program and \$5,000,000 for fiscal year 1993 and such sums for the succeeding four years for the CAMP program.

Subpart 6, Robert C. Byrd Honors Scholarship Program

H.R. 3553 extends the authorization for this program through fiscal year 1997 and authorizes \$10,000,000 for fiscal year 1993 and such sums for the succeeding four years for this program.

Subpart 7, Assistance to Institutions of Higher Education and Veterans Educational Outreach Program

At a hearing before the Committee on June 18, 1991, John B. Childers, the Deputy Assistant Secretary for Higher Education Programs of the U.S. Department of Education, testified "as part of our proposals for reauthorization, we would discontinue several programs whose functions would be met by the new programs. These include the Veterans Education Opportunity Program. Veterans are eligible for services provided by [TRIO]; eliminating the VEOP program actually increases the availability of services to them while lessening the burden on institutions, which now must submit separate grant applications and administer separate programs for grants ranging in size from \$1000 to \$10,000." H.R. 3553 has accepted the Administration's recommendations to eliminate these programs.

Subpart 8, Special Child Care Services for Disadvantaged College Students

The Committee heard from nontraditional students that the lack of child care is a deterrent for student enrollment or persistence. The Committee is supportive of the program under this subpart, which would authorize grants to institutions to establish on-campus child care facilities. Therefore, H.R. 3553 authorizes \$10,000,000 for fiscal year 1993 and such sums for the succeeding four years for this program.

Part B, Federal Family Education Loans

The Committee bill renames Part B, the Robert T. Stafford Student Loan Program, the Federal Family Education Loan Program. The program established under Part B shall be known as the Federal Stafford Student Loan Program, and loans made shall be known as Federal Stafford Loans. The Committee believes that it is important that students and their parents recognize that these loans are provided by a Federal program.

In reforming the current Stafford Student Loan program, the Committee adopted recommendations from a wide range of program participants. The Committee's main goals in this reform were to correct inequities, improve program integrity, simplify the program for the borrower and other participants, and ensure the stability in the loan program.

The Committee notes that current regulations for the Guaranteed Student Loan Program were promulgated on November 10, 1986, nearly a month after the October 17 enactment of the Higher Education Amendments of 1986. These regulations, however, implement provisions of the Education Amendments of 1980. More than five years later, no final regulations have been issued to implement the changes made by the 1986 Amendments. The Committee considers it unconscionable that a \$12 billion program is operating on

a series of "Dear Colleague" letters, without final, published regulations.

Therefore, in order to assure that Part B regulations are promulgated in a timely manner, the bill provides that no new loan guarantees shall be issued after June 30, 1994, if the Secretary does not issue final regulations implementing the changes of Part B made by the Higher Education Amendments of 1992 prior to that date. Authority to guarantee shall resume upon issuance of final regulations.

The Omnibus Budget Reconciliation Act of 1987 (P.L. 100-203) (hereafter referred to as OBRA) required that guaranty agencies return any excess cash reserves that they had at the end of 1986 to the Federal Government. The determination of the excess cash reserves was to be made by the General Accounting Office. In providing information to the Department of Education for use in determining the amount of any excess cash reserves, the Ohio Student Loan Commission (hereafter referred to as OSLC) and the Wisconsin guaranty agency, under the direction of the Great Lakes Higher Education Corporation, erroneously overstated their cash reserves. Therefore, the Secretary demanded \$10.5 million more than he should have from OSLC and \$2.8 million more than he should have from Wisconsin be returned to the Federal Government.

OBRA provisions and other portions of Part B of Title IV provided several options for returning excess cash reserves to the Federal Government. The Committee notes that in the cases of Ohio and Wisconsin, the Department did not pay claims for reinsurance filed by the agencies directly to the agencies, but applied the amount of any such claims for reinsurance to satisfy each of the agency's obligations to eliminate its excess cash reserves. The Secretary of Education, while recognizing the errors, has refused to reimburse the agencies for funds withheld (by not paying reinsurance claims directly to the agencies because of the overstatements).

The Committee intends this subsection to direct the Secretary of Education to reimburse the agencies for claims for reinsurance which were applied to eliminate that portion of the agencies' excess cash reserves which were overstated by such agencies.

Since the 1986 amendments, one guaranty agency has failed and the Department has informed the Committee that others are financially unstable. In order to monitor the financial solvency of guaranty agencies, the Secretary is authorized under H.R. 3553 to collect financial information annually from each agency. Based on the information available to him, the Secretary shall establish standards for the financial strength of guaranty agencies. Those agencies which do not meet the standards shall be subject to management plans. Any agency identified by the Secretary pursuant to these standards shall file a guaranty agency management plan which identifies management, investment, operational, and policy changes designed to improve the financial viability of the agency. Such plans shall be submitted to the Secretary and subject to his approval.

If an agency fails to file an acceptable management plan, or if it is determined by the Secretary not to be financially viable, H.R. 3553 requires the Secretary to do at least one of the following: (1)

provide the agency with additional advance funds; (2) permit transfer of guarantees to another agency; (3) revoke the agency's reinsurance agreement at a specified date, thereby forcing the merger, consolidation, or termination of the agency; (4) transfer the guarantees to the Department of Education for the purpose of paying claims; or (5) take any other action the Secretary deems necessary to assure payment of default claims to lenders and avoid disruption of the student loan program.

The Secretary is required to report to Congress annually, within 3 months of the end of the fiscal year, on the fiscal strength of the guaranty agency system and any legislative recommendations he deems necessary for the maintenance of a strong guaranty agency system.

The Committee is concerned that some borrowers may be forced into default because their repayment schedule is not sensitive to their income levels. Therefore H.R. 3553 amends the Stafford Loan program to require graduate or income sensitive repayment schedules, at the borrower's request. In addition, the bill requires that for the first two years of repayment the borrower shall receive monthly statements of the principal and interest repaid. For many borrowers, a student loan is the individual's first credit experience, and the Committee believes that the reinforcement of the loan obligation provided by a monthly statement can provide significant impetus toward increasing repayment.

The Committee bill repeals the combined minimum repayment for married couples, in an effort to simplify the program. However, these couples are allowed to consolidate their indebtedness into a new loan obligation under the Committee bill.

The Committee heard from borrowers who study abroad under a program approved by an American institution that they have encountered obstacles with check endorsement and multiple disbursement. To ease these difficulties, H.R. 3553 authorizes endorsement of student loan checks pursuant to a borrower-authorized power of attorney and exempts such loans from multiple disbursement requirements.

Much concern has been expressed by the Stafford Student Loan community about the unworkability of a provision of the 1980 Amendments known as the "windfall profit" provision, which is designed to ensure that the borrower, not the lender, will benefit from falling interest rates. H.R. 3553 clarifies the provision to allow lenders to maintain such information in their records during the repayment period and comply with the provision through adjustment of the amount of the final payment, similar to the common practice of other consumer loans. In addition, the Committee intends that periodic disclosures to the borrower of such adjustments are not necessary.

Under current law, a borrower enrolling in a course of study of less than a full academic year may still borrow the full amount authorized. The Committee was concerned that since loan limits are established based on academic year of study, students in short term programs should not have proportionally more debt than students in longer programs. H.R. 3553 pro rates loan eligibility based on the length of the program in which the borrower is enrolled, similar to the proration currently employed in the SLS and Federal

Pell Grant programs. Therefore, a borrower enrolled in a 600 clock-hour course would only be entitled to borrow \$1,750 or 2/3 of the total loan ceiling, since the length of this course is only 2/3 of the statutorily-established academic year. Borrowers in courses of less than 600 clock-hours (who are eligible to borrow only in special circumstances) would have their loan ceiling reduced to \$875. Similar prorations would occur in upper-level courses.

H.R. 3553 retains the mandatory minimum payment of \$600 per year, but in an effort to protect students, adds a requirement that the minimum must at least be equal to accrued interest on the outstanding loan balance. This amendment will prevent borrowers from getting into negative amortization situations, where capitalized interest can continue to push borrowers further and further into debt.

One of the complexities associated with the current program is the deferment structure. Current law provides for 13 different deferments. The Committee found that the net result is that borrowers are too often confused about their eligibility for deferments or unaware that they might be eligible to have their obligation to repay temporarily deferred. The Committee is concerned that the unnecessary complexity of current deferments may so confuse borrowers that they slip into default rather than apply for deferments for which they are eligible.

Therefore, the committee bill reduces the number of deferments to three—in school, unemployment, and economic hardship. All three of these deferments relate directly to the borrower's ability to repay his or her student loan, and, taken together, they cover most of the separate deferments now enumerated in the law.

The Committee understands that many dental residents pay tuition and receive little or no stipend during their residency training. The Committee intends that those residents who pay tuition should be considered to be enrolled in an eligible institution for the purposes of both the in-school deferment and further eligibility for loans under Title IV. The Committee intends that residents who pay tuition and receive a stipend or salary should also be considered to be in school.

The Committee understands that many students graduate with levels of debt and repayment obligations which are unrealistic when compared to their modest incomes. The Committee also recognizes that loan defaults can be reduced by making the repayment terms for students sensitive to their financial situation. To this end, the Committee directs the Secretary to consider a borrower's income and debt-to-income ratio as primary factors when promulgating regulations to define a borrower's "economic hardship" for the purposes of allowing deferment of loan repayment under Sections 428(b)(1)(M)(iii) and 454(c)(1)(B)(iii). The Committee intends that the Secretary shall insure that those who choose to work in community service positions at wages at or below the poverty line qualify for a loan deferment under the economic hardship provision. The Committee intends that the regulations include low-paid volunteers who work in the community in his definition of those qualifying for an economic hardship deferment.

Students will be eligible to receive in-school deferments under the Committee bill even if they are attending institutions other-

wise eligible to participate in Title IV programs but excluded from the Stafford Student Loan Program because of high cohort default rates.

The Committee notes that other exceptional circumstances which might affect a borrower's ability to repay a loan can be dealt with by forbearance by the lender. The Committee bill intends to clarify that any period of forbearance shall not be counted in the calculation of the borrower's 10-year repayment term. The Committee is concerned that without this provision, borrowers could be penalized by having to pay a higher balance because of capitalized interest in a shorter period of time.

The Committee found that guaranty agencies are in the forefront in seeking to assure the loan program's integrity through active use of Limitation, Suspension, and Termination (L, S, & T) authority. H.R. 3553 allows guarantors to limit the number or volume of loans allowed to an eligible institution during an academic year, and authorizes L, S, & T action in the following situations: (1) institutions ineligible under Federal or agency regulations; (2) if there is a state constitutional prohibition against institutional participation in the program; (3) in instances where the institution has failed to make timely refunds to students or has failed to satisfy a judgment obtained by a student within 30 days; (4) if an institution or an owner, officer, or director has been found guilty in a criminal proceeding or liable in a civil proceeding regarding obtaining, maintenance, or disbursement of state or Federal loan or grant funds; or (5) if such institution, owner, director, or officer has unpaid financial liabilities involving improper acquisition, expenditure, or refund of state or Federal financial aid funds.

The Committee intends that when a guaranty agency finalizes an L, S, or T action, such action will immediately be applicable nationally for all institutions with the same Department of Education identification code, unless the Secretary makes a determination to do otherwise within 30 days of notification of the agency action.

Under current law, institutions of higher education sign participation agreements with the Secretary of Education, but not with guaranty agencies in whose program they participate. The Committee bill would allow guaranty agencies to seek participation agreements from the institutions with whom they do business, to assure that rights and responsibility of all parties are clearly delineated. The Committee believes this will improve the management and integrity of the program.

In its hearings, the Committee heard repeated complaints from borrowers and student financial aid administrators that loans were sold without adequate notification to the borrower and the school. The Committee is concerned by problems that borrowers have reported in the servicing of their loans. The Committee feels that it is unconscionable that borrowers are unable to uncover such basic information as outstanding debt, number of payments remaining, and date of transfer of the holder of the loan. The Committee believes this frustrates efforts to encourage loan repayment.

Therefore, the Committee bill requires both the seller and the purchaser to notify the borrower promptly of any sale or transfer of a student loan, and to provide the address and phone number of

the new holder. This provision was drawn from legislation introduced by Representative Barney Frank, H.R. 2171.

In addition, upon request of the institution, the guaranty agency shall make similar information available to the last school the borrower attended prior to entering repayment. The Committee intends that with notification of loan sales and borrower access to information about the new holder, borrowers will better be able to track repayment and calculate existing debt.

The Committee bill amends the special rule for in-school deferments for international fellowships by allowing approval of requests for such deferral of repayment by students in graduate or postgraduate fellowships (such as Fulbrights) outside the United States may be approved until completion of the fellowship period, thus easing the conditions under which such fellowship recipients may receive the deferments to which they are entitled.

In order to prevent conflict of interest in guaranty agencies, the Committee bill, at the request of the Department of Education, provides restrictions on outside financial interests and employment of guaranty agency employees.

The Committee found that a number of guaranty agencies have entered into agreements with state licensure agencies to deny licensure to applicants who have defaulted on their student loans. In other states, state law may preclude the state licensing board from providing any information on their licenses. The Committee bill seeks to correct the latter situation by authorizing guaranty agencies to enter into agreements with appropriate state licensing boards whereby the latter will furnish the guaranty agency with the address of a student borrower in cases where such address is unknown to the guaranty agency. This provision was taken from H.R. 1118, introduced by Representative Marge Roukema.

Current law precludes filing of a claim for reinsurance by a guaranty agency until the 270th day of delinquency. However, in some cases, guaranty agencies have held back on claim filing until the beginning of a new fiscal year, to maximize their reinsurance payments. The Committee bill would prevent this activity by requiring a guaranty agency to file its claim with the Secretary after the 270th day, or 45 days after the guaranty agency has paid the lender's insurance claim, whichever is later. H.R. 3553 also requires guaranty agencies to establish and implement procedures for the submission of defaulter lists to the institutions of higher education last attended by borrowers. The Committee intends that this will provide such institutions with an opportunity to comment on the accuracy of the list, prior to the agency's filing a reinsurance claim with the Secretary.

Under current practices, when a borrower is temporarily unable to make payments on his or her loan but is not eligible for deferment of the repayment obligation, a lender may forbear collection of the principal of the loan. H.R. 3553 requires guaranty agreements to contain provisions requiring forbearance for the borrower's benefit when the borrower has indicated willingness to repay but demonstrated inability to do so. The Secretary is required to permit lenders to exercise administrative forbearances, not requiring the agreement of the borrower, under certain circumstances such as forbearances for borrowers who are delinquent at the end

of their deferment period and forbearances for borrowers whose loans are sold or transferred, when the borrower is less than 60 days delinquent at the time of the sale or transfer. The Committee intends these forbearances to be to the benefit of the borrower to prevent unnecessary defaults.

The Committee believes that when a guaranty agency has not been able to collect on a loan in a reasonable time period, the agency should subrogate the loan to the Department of Education for Departmental collection activities. H.R. 3553 provides that if a borrower has made less than \$300 in payments on a loan within the last year, or if no judgment has been obtained against the defaulted borrower, the guaranty agency will assign the loan, within thirty-six months of receiving such loan, to the Secretary.

The Committee found that under current regulations, lenders, third-party servicers, and guaranty agencies are subjected to detailed due diligence requirements, with a specified number of telephone calls and Departmentally-drafted letters to be deployed within clearly defined periods. Guarantors review lender/servicer default claims on a claim-by-claim basis, rejecting those that do not follow the regulations to the letter, even if the error was totally unrelated to the collectibility of the loan. While the Secretary pays reinsurance claims from guaranty agencies without review, subsequent findings of minor violations can trigger demands for return of reinsurance.

H.R. 3553 would allow a lender, third-party servicer, or guaranty agency to apply for status as an exceptional performer, meaning that its compliance rating for the year in which the determination was made equaled or exceeded 95 percent of all applicable due diligence requirements. The Committee intends that upon designation of a lender or third-party servicer for exceptional performance by the Secretary, a guaranty agency would be required to pay 100 percent of such lender's or servicer's claims for the next year. Similarly, the Secretary would pay the appropriate insurance to a guaranty agency designated for exceptional performance. The Committee desires that such reimbursements would not be subject to any further review by the Secretary or repurchase by the guaranty agency in the absence of a determination by the Secretary that fraud or other purposeful misconduct had been engaged in to obtain the designation for exceptional performance.

The Committee intends that lenders, servicers, and agencies seeking such a designation would have a financial and compliance audit performed annually, at their own cost, by a qualified independent organization or person, in accordance with standards established by the Comptroller General and the Secretary. Under H.R. 3553, designation as an exceptional performer may be revoked by the Secretary after 60 days notice and opportunity for hearing, if the Secretary finds that the lender, servicer, or guaranty agency has failed to maintain an overall level of regulatory compliance consistent with the audit. This provision is intended to simplify the program for participants without compromising the integrity protections in Department of Education regulations.

The Committee notes that under current law, Stafford loan borrowers are entitled to a 6-month grace period after leaving school before their first loan payment is required. SLS borrowers have no

comparable grace period; currently the repayment for SLS loans begins 60 days after the loan is disbursed, although principal can be deferred and interest capitalized during in-school periods, with the use of forbearance. Testimony before the Committee stated that for a borrower with both a Stafford and SLS loan, these differences can be confusing; lenders may not be able to consolidate such loans administratively. Therefore, H.R. 3553 provides that in the case of a SLS borrower who also has a Stafford loan, the SLS loan does not enter repayment until six months after the borrower ceases to carry at least a half-time academic work load.

In order to further simplify the program, the Committee bill also allows lenders to capitalize SLS interest under their own schedules, but no more frequently than quarterly, to allow greater flexibility than current law, which requires quarterly capitalization.

In an effort to make PLUS loans available to more parents, H.R. 3553 would eliminate the \$4,000 annual borrowing limit per dependent student contained in current law, for parent borrowers who have no adverse credit history, as determined by regulations of the Secretary. The Committee intends that parents will be allowed to borrow up to the total amount needed for their child's education.

In order to reduce fraud and abuse with regard to PLUS loans, and to assure that PLUS funds are truly used to defray the costs of postsecondary education, the Committee bill requires that all PLUS loans be disbursed through an electronic transfer of funds to the institution of higher education or made payable to the parent borrower and the institution.

The Committee intends that repayment of a PLUS loan begins 60 days after disbursement, unless the parent borrower is eligible for deferral of repayment based on in-school status, unemployment, or extreme hardship. Lenders are given flexibility to capitalize accrued interest less frequently than quarterly, just as they are in the SLS program.

The Committee also makes changes in the consolidation loan program to make this program more beneficial to students. H.R. 3553 increases the minimum outstanding indebtedness eligible for a consolidation loan from \$5,000 to \$10,000. Delinquent and defaulted borrowers who will reenter repayment through loan consolidation are made eligible for the benefits of the program, and borrowers who consolidate are given 180 days after the consolidation loan is made to add other loans made prior to the consolidation loan. Married couples, each of whom have eligible loans, may consolidate their indebtedness in to a single consolidation loan, if they agree to be jointly and severally liable for the consolidated total, without regard to any subsequent change that may occur in their marital status. Only one member of the married couple must meet the statutory definition of an eligible borrower in this situation.

The Committee intends to reform the repayment periods of consolidated loans by allowing up to 15 years to repay a loan from \$10,000 to \$19,999, 20 years to repay a loan from \$20,000 to \$39,999, 25 years to repay a loan from \$40,000 to \$59,999, and 30 years to repay a loan above \$60,000.

As in the other loan programs the Committee intends that lenders will be required to offer graduated and income-sensitive repayment schedules for consolidation loans.

In an effort to lower default costs, the Committee, in earlier legislation, provided that Stafford Loans may not be disbursed to first-year students until they have been enrolled for at least 30 days. In its hearings on reauthorization of the Higher Education Act, the Committee heard from numerous students of the difficulties such delayed disbursement had caused them, since institutions had failed to modify their payment requirements to allow for the delayed payment of Stafford Student loan funds. In order to assure that students are not harmed by institutional practices, such as insisting on payment-in-full prior to the beginning of classes, when Federal law requires withholding of loan checks, H.R. 3553 expressly prohibits an institution from penalizing a student or assessing late fees, merely because of delayed disbursement of loan funds.

In order to further reduce default costs, H.R. 3553 authorizes an institution to make weekly or monthly disbursement of loan proceeds, with the permission of the borrower. In order to simplify the program and to reduce institutional paperwork and unnecessary delay in processing of loan disbursements, the Committee bill provides that the statutory requirement to adjust a second disbursement check to prevent an overaward to an individual borrower shall not apply to the \$300 overaward allowance authorized under the Federal College Work-Study Program. This provision corrects a misinterpretation by the Department of Education of the provisions of the 1989 Omnibus Budget Reconciliation Act. That Act provided that any overawards of Federal College Work-Study funds to students, with loans under Part B, would be used toward payment of the loans. The Committee did not intend for this provision to override the overaward allowance for Federal College Work-Study, but it has been interpreted as doing so. H.R. 3553 clarifies the language of Section 428G(d)(2) to specifically exempt the Federal College Work-Study program.

The Committee heard extensive testimony about the plight of middle-income families who find themselves increasingly unable to bear the costs of postsecondary education without some measure of Federal assistance. In response to these legitimate concerns, the Committee bill authorizes an unsubsidized Stafford Loan Program to meet the needs of middle-income families. The Committee intends that all of the terms and conditions of the Stafford Loan Program apply to borrowers under this program, except that the borrower pays 8 percent interest during the in-school period. Such interest may be paid by the borrower while he/she is in school or may be capitalized and added to loan principal to be repaid once the borrower enters repayment. In lieu of an origination fee, the unsubsidized borrower will pay a 3 percent reinsurance premium, to be used to cover the costs of defaults and of Special Allowance payments to lenders, if Treasury bill rates require such payments. The Committee bill provides that a borrower shall first be eligible for subsidized Stafford funds, but any further eligibility may be covered by an unsubsidized loan, up to the annual ceiling. It is the Committee's expectation that borrowers would only have to fill out a single application form to receive both subsidized and unsubsi-

dized Stafford loan funds. This provision was drawn in part from H.R. 2561, introduced by Representative Pat Williams.

H.R. 3553 also authorizes a new pilot program to test the effectiveness of an extended collection program on default reduction. The Committee intends the Secretary to choose pilot program participants from among eligible applicants, based on their experience and the innovativeness of their proposed approaches. The pilot program would terminate at the end of fiscal year 1995. The Committee desires the Secretary, during the period of the demonstration, to collect data on the effectiveness of varying approaches to collections and to report his findings to Congress, along with recommendations for any further legislation.

The Committee believes that one key reason default costs to taxpayers have risen in the past is management oversight activities of institutions of higher education have not been sufficient to prevent misuse of program funds and fraud practiced by a few schools. H.R. 3553 requires the use of greater resources by the Secretary to carry out these new institutional oversight and certification activities. Recognizing that ample funds have not been available to the Secretary to fund appropriate management oversight activities, the Committee requires the Secretary to expend not less than \$25 million to improve Departmental oversight. Such funding must supplement and not supplant current administrative budgets in this area.

The Committee intends that such funding would be expended for increased program reviews, audits, debt management programs, training activities and such other management improvement activities approved by the Secretary. The Secretary shall submit an annual plan, included in the materials accompanying the President's budget, detailing the use of such funds. At the end of each fiscal year, the Secretary shall report his findings and activities to the appropriate Congressional Committees. Also the Committee intends that not less than \$5 million be utilized to improve training activities under Section 486 of the Higher Education Act.

The Committee bill authorizes the Secretary to regulate the activities of third-party servicers, to ensure sound management and accountability of the loan programs. In addition, the Committee bill makes it clear that the Secretary is required to uphold the limitation, suspension, or termination of a lender by a guaranty agency, and to notify all agencies of the action. This is to ensure that L, S & T actions have national effect.

A major complaint of witnesses before the Committee was the complexity and disparity of forms and procedures used by various participants in the Stafford Student Loan Program. To address this issue, H.R. 3553 gives guaranty agencies, lenders, schools, third-party servicers, and other program participants 270 days from date of enactment to come to agreement on simplification and standardization of all aspects of the program, which the Secretary shall promulgate in the form of regulations. The Committee intends such regulations to include standardization of computer formats, forms design, and guaranty agency procedures; authorization of alternate means of document retention; electronic record-keeping; authorization and implementation of electronic data linkages for the exchange of information; and standardization of data reporting. If the community is unable to agree within the time provided, the Secre-

tary is authorized to issue such regulations as he shall deem appropriate. The Committee intends that the community and the Secretary will take all possible steps to make as a priority the development of uniform deferment forms as soon as possible. And in order to keep the process dynamic and to keep improving and simplifying practices and procedures, H.R. 3553 requires the Secretary to consult with the community at least annually for further recommendations for improvement.

To further increase repayment of loans and to reduce defaults, the Secretary is authorized to undertake a program to encourage corporate and other private and public employers, including the Federal Government, to assist borrowers in repaying their loans, including providing options for payroll deduction and for loan repayment matching packages as part of employee benefit packages. The Committee intends the Secretary to publicize models, and to recommend, within one year of enactment, to appropriate Congressional Committees necessary changes in the Tax Code and other statutes that would further encourage such efforts.

The Committee heard much concern about the effect of guaranty agency failure upon the lenders' rights to have default claim paid. H.R. 3553 clarifies that in such a situation, the holder of loans insured by the insolvent guaranty agency may submit insurance claims directly to the Secretary for payment. The Committee intends such arrangements to continue only until the Secretary is satisfied that the loans have been transferred to a guarantor able to assume the outstanding insurance obligations.

Current law requires extensive disclosure of information to the borrower on the loan obligation he is about to undertake. In fact, the Committee learned that the disclosures required by the statute may be so extensive that the borrower does not read or understand them. Therefore, the Committee bill attempts to refocus the disclosures on the issues the borrower must understand at the time the disclosure is made, if it is to be meaningful. A number of repayment-related disclosures are eliminated from the mandatory disclosure at the time the loan is made. The Committee intends these disclosures would be made at the exit interview instead of the entrance interview. Also the Committee intends that the borrower be informed that this repayment obligation will not be affected by the failure of the educational institution to comply with any Federal, state, or local law (unless the institution originated the loan). H.R. 3553 also requires the borrower to be informed in clear language that the monies he or she is receiving are a loan which must be repaid.

In order to reduce the confusion over the multiple definitions of "institution of higher education" contained in the Act, H.R. 3553 repeals the definitions of institution of higher education and vocational school in Part B. The Committee intends that students attending foreign schools are no longer eligible for Federal assistance under this title. This does not apply to students in a study abroad under a program approved by an American institution. The definition of a eligible lender is amended to delete reference to trust companies. Further, institutional lenders are required, in addition to current limitations, to have a cohort default rate of 15 percent or less. The Committee intends the institution will use the proceeds

from special allowance payments only on direct administrative expenses and need-based programs. H.R. 3553 repeals unneeded definitions, and adds a definition of "third-party servicer."

H.R. 3553 continues the Secretary's responsibility for loans of borrowers who die or become permanently disabled. The Committee intends that in instances where student loans are involved in bankruptcy proceedings, the Secretary shall reimburse the lender or guaranty agency immediately.

The Committee heard testimony that many institutions of higher education have closed over the past several years, leaving thousands of low-income students unable to complete their education and yet obligated to repay students loans, which the institutions received on their behalf. These students did not receive any credentials and in fact often received little or no training. In other cases, institutions falsely certified the eligibility of students for Federal loans. In both instances, students were left without the skills needed to obtain employment and consequently did not have the means to repay the loans.

The Committee notes that once a student defaults on repayment of a loan under part A, the student is no longer eligible for any Title IV assistance. The Committee is concerned that these students are in double jeopardy: they are deprived of the training for which they incurred the original loan obligation and they are also barred from receiving the future Federal aid necessary to acquire training to obtain a job in order to repay the loan.

The Committee desires in cases where a school closes during the middle of a borrower's course of instruction, or in a case where a borrower's loan is fraudulently certified, the Secretary shall discharge the borrower's liability by repaying the amount owed on the loan and shall pursue any claim available to the borrower against the institution or settle the obligation pursuant to the bonding authority required by H.R. 3553. The Committee intends that a borrower whose loan obligation has been so discharged shall be deemed to have assigned his or her refund to the United States, up to the amount discharged. The Committee intends the subsection to apply to all loans made to borrowers in attendance at an institution which closed on or after January 1, 1986.

Student origination fees were introduced in 1981 as a budget-cutting measure. In effect, a needy student budget deficit. Then the student must pay that amount back to the lender with interest. During hearings, the Committee heard from students that these fees are unfair and burdensome to students. The Committee bill phases out these unfair fees at the rate of 1 percent per year, beginning with academic year 1993.

Under current law, secondary markets using tax-exempt funds are precluded from purchasing loans at a discount of more than 1 percent. The Committee heard that this limitation has proven counterproductive as Federal Insurance Corporation and Resolution Trust Corporation have attempted to sell off portfolios of student loans from failed lending institutions. Therefore, the Committee bill repeals the 1 percent limitation, so that tax exempt secondary markets may compete for these portfolios, thereby increasing the return to the Federal taxpayer.

In the Higher Education Amendments of 1986, the Committee granted the Student Loan Marketing Association (hereafter referred to as Sallie Mae) the authority to make loans to finance facilities at colleges and universities. The authority was subject to targeting requirements under which Sallie Mae was required to do 75 percent of its volume with colleges and universities rated below the top three rating categories (in other words, below A). The facilities needs of higher education have continued to grow since 1986, and there are several recent studies estimating that the need for capital investment in higher education facilities now exceeds \$60 billion. To help address some of this unmet need and to increase access to facilities financing, H.R. 3553 changes Sallie Mae's targeting slightly so that 75 percent of its facilities volume must be done with institutions below the top two rating categories (in other words, A and below).

H.R. 3553 includes the text of H.R. 3088, as ordered reported by the Committee. H.R. 3083 was introduced on July 29, 1991 by Mr. Ford (MI) for himself and Mr. Coleman (MO). On July 30, 1991 the Committee on Education and Labor ordered H.R. 3083, as amended, favorably reported by voice vote.

The Omnibus Budget Reconciliation Act of 1991 requires that "the Committees of jurisdiction in the House shall prepare and report to the House no later than September 15, 1991, legislation to ensure the financial soundness of government sponsored enterprises and to minimize the possibility that a GSE might require future assistance from the government."

Government sponsored enterprises (GSEs) are privately owned and operated enterprises created by the Federal Government to help accomplish public purposes. The GSEs provide secondary markets and other financial support in the areas of housing, agriculture and student loans. Since the GSEs perform important public purposes and since they are at least implicitly linked to the Federal Government, the Federal Government shares in the risk of these enterprises. The General Accounting Office report, "Government-Sponsored Enterprises: A Framework for Limiting the Government's Exposure to Risks," (May 1991) notes, "Government-sponsored enterprises currently hold more than a trillion dollars in obligations, and that figure continues to grow rapidly. The large losses of the thrift industry have raised concerns about the government's exposure should any of these enterprises fail." The Student Loan Marketing Association (Sallie Mae) is the GSE in the jurisdiction of the Committee on Education and Labor.

Pursuant to legislative mandates, the Department of the Treasury submitted a report to Congress, "Report of the Secretary of the Treasury on Government-Sponsored Enterprises," (April 1991) and the Congressional Budget Office submitted a report, "Controlling the Risks of Government-Sponsored Enterprises," (April 1991). These two reports as well as the General Accounting Office report cited above all indicate that Sallie Mae is very financially strong and that it conducts its business in a manner that limits the Federal risk to a very minimal level. The Treasury Department also caused all of the GSEs to be rated by Standard & Poor's with respect to their ability to meet their future financial obligations

without Federal assistance. Sallie Mae was one of only two GSEs to receive a AAA rating, Standard & Poor's highest rating.

It is clear to the Committee that Sallie Mae presents no current risk to the Federal Government, and it is, in fact, among the most safe and sound of the GSEs. Since by all reports and measures Sallie Mae is safe and sound, this legislation is not remedial with respect to Sallie Mae's current condition. Instead, this legislation is intended to establish standards and a process to provide the Congress with early and adequate warning should Sallie Mae's condition deteriorate and to enable appropriate and timely action to be taken.

H.R. 3553 would enhance existing Treasury oversight by requiring Sallie Mae to provide copies of all financial reports to Treasury and authorizes the Treasury Secretary to audit Sallie Mae. The bill also requires Sallie Mae to maintain a 2 percent capital ratio (shareholder equity to its total on-balance sheet assets and 50 percent of certain off-balance sheet items). Under current law, savings and loans and national banks holding the same assets as Sallie Mae would have to maintain a 1.7 percent capital ratio. As of March 31, 1991 (the most recent quarter for which numbers are available), Sallie Mae has a \$1.129 billion in capital and a capital ratio of 2.54 percent.

If Sallie Mae's capital ratio drops below 2 percent, it would have to submit a business plan to the Secretary of Treasury describing how it would increase its capital ratio to 2 percent within 36 months. If Treasury and Sallie Mae cannot agree on the terms of the business plan, Sallie Mae would implement its most recent proposal and the Secretary of Treasury would inform the authorizing Committees of Congress of its objections. The Committees would then decide what, if any, additional steps should be taken to improve Sallie Mae's financial condition.

In the event that Sallie Mae's capital ratio falls below 1.5 percent, it would be required to submit to the Secretary of Treasury a modified plan to increase its capital ratio to equal or exceed 1.5 percent. The Secretary then has 30 days to approve or disapprove the plan. If the Secretary disapproves, the Secretary would inform the authorizing Committees of his objections and if, within 60 legislative days (i.e., days in which Congress is in session), no action has been taken by Congress, Sallie Mae would proceed to implement its plan as modified by the Secretary. If the capital ratio does not equal or exceed 1.5 percent, the Secretary has authority under the Act to: limit certain increases in liabilities, restrict Sallie Mae's growth in areas other than the purchase of student loans or the making of warehousing advances, restrict distributions, require Sallie Mae to issue new capital, and limit certain executive compensation.

Under the Act, if Sallie Mae's capital ratio is less than 1 percent, Sallie Mae must, within 14 days, submit a plan to the Secretary which would raise the capital ratio to 2 percent within 60 months. Sallie Mae must then immediately implement the plan, along with any modifications proposed by the Secretary.

To assist the Committees in determining what course of action to follow, the Act provides for the submission of several studies and reports. In the event that the Secretary of the Treasury disagrees

with any business plan proposed by Sallie Mae in connection with the requirements of this Act, or modifies the plan because capital levels have dropped below 1 percent, the Congressional Budget Office and G.A.O. would submit to the Committees reports which:

- indicate Sallie Mae's financial condition;
- analyze the plan being implemented and the Secretary's objection to such plan;
- analyze the impact of any plan on the Federal student loan programs; and
- provide recommendations on what would be done to improve Sallie Mae's capital condition without harm to the loan programs.

Because a sizable reduction in Sallie Mae's capital would likely be as a result of structural problems in the student loan program, and actions by Sallie Mae to improve its condition could compound such problems, the Secretary of Education would also report on what administrative and legislative steps should be taken to increase Sallie Mae's capital while maintaining the viability of the student loan programs.

In the event that Sallie Mae maintains a AA- or better credit rating by at least two nationally recognized credit rating agencies, it would qualify for a safe harbor so long as its capital level equals or exceeds 1 percent. Like the rating already performed by Standard & Poor's as part of the 1991 Treasury report, all ratings must be without consideration of Sallie Mae's status as a GSE. In the event that only one agency is willing to provide such a rating, only one rating is required.

All confidential financial information received by G.A.O., CBO, and the Departments of Treasury and Education from Sallie Mae in connection with the studies and reports required by the Act would receive confidential treatment. The confidentiality restrictions are substantially similar to those which the Congress imposed on the original GSE reports mandated by the Omnibus Budget Reconciliation Act of 1990.

The bill also modifies the corporate structure of Sallie Mae by converting all non-voting stock to voting stock. This will enable all shareholders to vote for all elected directors (i.e., those directors not appointed by the President), and will promote good corporate governance by ensuring that the Board of Directors is accountable to all Sallie Mae shareholders.

Part C, Federal Work-Study Program

H.R. 3553 changes the name of this program to the "Federal College Work-Study Program." The Committee believes that it is important that students and their parents recognize this assistance, along with other assistance under Title IV, is provided by the Federal Government.

The Committee increased the authorization level for the Work-Study program to \$900 million. As of April 1, 1991, the minimum wage increased to \$4.25 an hour, a 27 percent increase over the \$3.35 per hour minimum wage in effect when the authorization levels were set in the Higher Education Amendments of 1986. The Committee understands that the minimum wage increase, along with increased levels of expenditures for the Job Location and De-

velopment Program and the community service learning program under the work-study legislation, could threaten the ability of campuses to meet the financial needs of students. Without an adequate increase in the authorization (and eventually appropriation) levels, students would have to work fewer hours, because of budget constraints of campuses, while their unmet need would continue to increase; thereby, receiving no monetary relief through the increased hourly wage. The new authorization level of \$900 million accommodates the increase in the minimum wage and the new allowances for the Job Location and Development Program.

The Committee clarifies the reallocation formula for the Work-Study program. It was the intent of the existing legislation to provide that 25 percent of all excess funds be reallocated to the development of the Community Service Learning Program (CSLP), and 75 percent be allocated on the basis of the fair share formula. Unfortunately, the language of the reallocation formula was unclear. The Committee amendment clearly states that up to 25 percent of the reallocation funds shall go to institutions to carry out the community service learning program and the remainder shall be allocated on a fair share basis. The Committee expects the Department of Education to reallocate the full 25 percent of the funds to community service learning programs. The Committee strongly supports these programs and has simplified the number of requirements for community service learning programs so that they can be more easily and effectively administered. It is not the intention of the Committee that the percentage of reallocated funds for the community service learning program be reduced in any way.

H.R. 3553 clarifies that employing eligible students to engage in mentoring activities is an allowable activity under the Federal College Work-Study Program. This provision was drawn from H.R. 1144, introduced by Representative Matchley.

The Committee increased the overaward limit from \$200 to \$300. With the increase in minimum wage and institutional budgets since 1986, a \$200 overaward can now be reached within one pay period. This does not allow adequate time for readjustment of work schedules. A \$300 allowance provides the needed time.

The Committee found that over the last decade, there has been a dramatic increase in the number of students attending on a part-time basis and the number of independent students. In order for these nontraditional students to have increased access to postsecondary education, and to assistance under this title, it is important to define the nontraditional student.

The nontraditional student includes students who are attending less than full time, who are age 24 or older, who are single parents, or who are independent students.

H.R. 3553 states that a reasonable amount of Federal College Work-Study funds should be allocated to nontraditional students. The Committee refrains from requiring a strict proportional allocation, recognizing that this may be overly restrictive. The Committee intends that while institutions are given discretion in allocating an equitable amount of funds for nontraditional students, this discretion should not result in an institution's disregarding the plain intent of the law. This provision was taken from H.R. 3241, legisla-

tion introduced by Representative Steve Gunderson to address the needs of nontraditional students.

H.R. 3553 includes language to ensure that institutions of higher education who enter into agreements with the Secretary to operate Federal College Work-Study programs must provide assurances that employment made available from funds under this program may be available to those who provide supportive services to students with disabilities. This will allow students participating in Federal College Work-Study programs to provide supportive services to students with disabilities as part of their employment.

The Committee adopted language to allow institutions to carry back appropriations from current year funds to pay for previous year commitments. This is to correct a problem presented to the Committee by institutions of higher education. Many students begin summer work-study prior to July 1, the beginning of the fiscal year, but after the academic year ends in May or June. They, therefore, earn funds during one fiscal year which are not payable until the succeeding fiscal year. As a result, currently institutions incur enormous accounting and tracking problems.

H.R. 3553 increases the Federal share for the Job Location and Development Program from \$30,000 to \$50,000. Most institutions already match more than 50 percent of the \$30,000, which is a tribute to the program's success. The increase encourages even more participation by institutions and employers thereby providing more work opportunities for students.

The Committee has chosen to encourage alternative methods of pursuing a degree and an example of such an alternative is the "work college" curriculum environment. In such an environment the Committee finds that all resident students are required participants in the work-learning program in order to remain in good standing and progress toward attainment of a degree. The Committee's inclusion of this subsection only underscores the commitment toward the self-help, community service ethic.

The committee has included a subsection in H.R. 3553 that would allow for the removal of qualifying work colleges from the allocation system within the current College Work-Study program and provide Federal funding to them directly, through a separate appropriation. H.R. 3553 would require a comprehensive work, service and learning program to be in place for at least two years. At present, the Committee has identified five institutions that meet this requirement. It is the expectation of the Committee that additional institutions will be able to participate in this alternative as they establish their comprehensive work college curriculum.

The Committee endorsed this type of curriculum development and the benefits that are derived from a combination of work, community service and academic effort in the pursuit of a baccalaureate degree. This provision was drawn from H.R. 3632, introduced by Representative Chris Perkins.

Part D, Federal Direct Loans

Part D of Title IV of H.R. 3553 will phase in the replacement of the Stafford, Supplemental Student Loan (SLS), Parent Loans for Undergraduate Students (PLUS) (Part B), Perkins (Part E) and Income Contingent Demonstration Loans (currently Part D) with a

program of direct Federal educational lending for all families. Beginning July 1, 1994, 500 institutions will be eligible to participate in the new program. An additional 1,000 institutions will be added for the 1995-1996 academic year. In 1996-1997 all eligible institutions will be able to participate.

The Committee believes that a number of factors make the replacement of guaranteed loans with direct loans a fiscally responsible decision at this time. Among these factors are the credit reform provisions of the Budget Reconciliation Act of 1990, which have significantly changed the way the Federal Government accounts for credit it extends in the form of loan guarantees and direct loans.

According to the December 1989 Congressional Budget Office study on credit reform:

The difference in the budgetary treatment between direct loans and guaranteed loans creates a bias in favor of guarantees because their costs are deferred. When the costs are known (after default) and finally recorded in the budget, they are well past the government's control. Consequently, loan guarantees have been growing much faster than direct loans in recent years. The total cost to the government of the new guaranteed loans is now many times more than the cost of new direct loans.

The Committee also points out that, echoing the Congressional Budget Office report, the President's fiscal year 1992 Budget states:

Clearly, credit reform is not "just" an accounting change. It is an opportunity to see each program with fresh eyes. Credit reform asks the right questions: Who is being helped? By how much? At what cost? It focuses attention and budgetary decisions on the costs underlying each loan, juxtaposed with the borrowers who benefit from these programs. It provides perspective for both policy analysis and program management.

On June 28, 1991, the Secretary of Education submitted to the Committee material on the work the Education Department had done in preparation for possibly submitting a direct loan proposal as part of its reauthorization recommendations. The material submitted estimated a \$1.4 billion savings in the first year of a direct loan program and a \$6.6 billion savings over four years.

Similarly, the General Accounting Office stated in its September 27, 1991 report, *Student Loans: Direct Loans Could Save Money and Simplify Program Administration*:

Before the Federal Credit Reform Act of 1990 (P.L. 101-508), the budget rules favored guaranteed loans over direct loans. Under the old rules, a guaranteed loan's cost consisted of interest subsidies and loan defaults in the year Federal funds were appropriated, regardless of future interest subsidies and defaults. A direct loan's cost was equivalent to the outlay for loan principal. Subsequent defaults and repayments were accounted for in the year they occurred, not when the loan was made. As a result of this accounting method, direct loans appeared much more expensive than guaranteed loans.

Since credit reform, the budgeting rules allow a more equitable cost comparison of guaranteed and direct loans. Under the new rules, the budgetary cost of each program for a one-year loan cohort is the net present value of all costs associated with those loans. A guaranteed loan's cost is the discounted value of all interest subsidy and default costs, while a direct loan's cost is the initial outlay less the discounted stream of anticipated principal and interest repayments * * *

A direct loan program operating in place of the Stafford loan program could save over \$1 billion * * * present value terms * * * assuming the loans are made in fiscal year 1992 * * *

More specifically, the Congressional Budget Office's October 22, 1991 preliminary analysis of the Committee bill showed a gross savings of \$1.090 billion, after administrative costs, for direct loans versus the current Stafford Student Loan program. In H.R. 3553, these savings will be allocated to students through the elimination of costly origination and insurance fees and lower annual out-year interest rates.

In addition to being more expensive than direct loans, the Committee believes that the current Stafford Student Loan program suffers from a number of problems, as documented in the May 1991 report of the Senate Permanent Subcommittee on Investigations, chaired by Senator Sam Nunn. These problems include: a high rate of student defaults, financial failure of one major guarantee agency, questions about the strength and number of guarantee agencies, severe problems in managing student loans by lenders, and fraud and abuse by certain lenders and some trade schools. In a similar vein, the General Accounting Office reported that the Stafford Student Loan program has become "such a maze that it cannot be audited."

The Committee believes that, as the above-cited reports have indicated, the Stafford Student Loan program is an immensely complicated and expensive program for students, institutions of higher education and the Department. With more than 10,000 lenders, 45 guarantee agencies and 35 secondary markets participating in this program, the array of paperwork, regulations, procedures and fees is bewildering. The Committee found that many colleges and universities deal with many guarantee agencies during the course of the year and with hundreds of lenders. Notwithstanding efforts by some guarantors and lenders to streamline the Stafford Student Loan program, institutions are still subjected to different policies, forms, and computer formats by each agency.

In response to the Nunn report's call for Congress to " * * * undertake major and, in some areas, drastic reform * * *" of the Stafford Student Loan program and for the G.A.O. to study the feasibility of alternative approaches including "abolishing the guaranty agency concept," a direct loan program, based on the current Perkins loan program, was proposed by Representative Robert Andrews in H.R. 3211.

The Committee notes that, in contrast to a Stafford loan, an institution is able to process and deliver a Perkins Loan along with a

student's regular application for grants and scholarships. This significantly reduces the amount of paperwork required. The Committee believes that by originating direct loans as they do Perkins loans, institutions will have direct control over the timing and distribution of loan funds, enabling them to assist students better and improve institutional cash flow.

The Committee intends that like existing Stafford loans, Federal Direct loans will be funded as an entitlement under the mandatory part of the budget. As in the Stafford Loan system, there will be no limit on the amount of capital that will be available. Capital availability will be determined by student and parent eligibility and demand. However, H.R. 3553 will provide entitlements for students and their parents, rather than lenders, secondary markets and guarantee agencies. Federal Direct loan capital will substitute for guaranteed loans.

Under H.R. 3553, student eligibility for subsidized Federal Direct loans will be based on financial need. Annual loan limits will be increased to the following levels:

- \$6,500 for first and second year students;
- \$8,500 per year for the balance of an undergraduate degree;
- \$13,000 per year for graduate and professional students.

H.R. 3553 stipulates that unsubsidized Federal Direct loans will be offered at interest rates similar to the current Stafford program, except that student interest rates will not exceed 8 percent in the subsidized program. (Under the Stafford Student Loan program, the rate increases from 8 percent to 10 percent in the fifth year of repayment). Neither a student origination fee (currently 5 percent) nor an insurance premium (currently up to 3 percent) will be charged. Interest incurred on subsidized loans while the student is in school will continue to be paid by the Secretary of Education.

The Committee intends that outstanding Perkins loan repayments, which currently are added to institutional revolving funds and subsequently lent to new student borrowers, will be invested in new Perkins institutional endowments to fund additional Federal Supplemental Educational Opportunity grants for students. This will also permit about \$185 million currently appropriated each year for new capital for Perkins loans to be used for fund grants.

Student eligibility criteria for direct unsubsidized loans will resemble those used in the current SLS program.

Under H.R. 3553, the amount parents will be able to borrow from direct unsubsidized loans to parents will be the full costs of education minus any financial aid received by the student, an increase from the \$4000 cap on PLUS loans in current law. Parents will continue to be eligible for these loans without a financial needs test.

The Committee intends that the Secretary of Education will offer students the option of income-contingent, graduated and conventional repayment plans.

Loan consolidation with direct lending authority will be available to students who have loans under Title IV and who also receive Federal Direct loans, further reducing costs to the taxpayer and improving loan terms for students.

Under H.R. 3553, unsubsidized loan interest rates will continue at the existing PLUS and SLS programs level: the 52 week T-bill

plus 3.25 percent, with a 12 percent cap. Interest income over cost of funds will be used, in part, to both help offset administrative costs and cover any defaults in the program.

The Committee intends that the Federal Direct loan program will be financed through the sale of government securities by the Federal Government and counted in the budget under the provision of credit reform. This will be accomplished in the same way funding for the Student Loan Marketing Association (Sallie Mae) was provided until 1981. Under that procedure, the Secretary of the Treasury, through the Federal Financing Bank, sold government securities to the private sector and made the funds available to Sallie Mae. That system worked well and Sallie Mae is presently making payments on about \$4.8 billion it still holds. In the case of Federal Direct loans, the Secretary of the Treasury will make funds available to the Secretary of Education for allocation to institutions through the Department's finance system from which institutions presently draw student aid funds. The Committee expects this to operate like the Federal Pell grant program with institutions able to adjust their requests for funds according to actual student eligibility throughout the program year. Repayments will return to the Federal Government and will not be left to accumulate in institutional revolving funds, as is the case with Perkins loans.

The Committee intends that on behalf of the government, institutions will determine student and parent eligibility, prepare necessary promissory notes and allocate funds to students following procedures similar to those used in the Perkins Loan Program.

Each institution will transmit signed promissory notes to its Department of Education servicing contractor; the contractor will be responsible for servicing and collecting loans by all conventional methods, including the use of IRS offsets on defaulters.

Under H.R. 3553, the Secretary of Education will operate the servicing aspects of the program through competitive, private sector contracts, including a contract for management of the national direct loan data system and loan consolidation. The Committee expects that the Secretary will have a number of different servicing and collection contracts.

The Committee intends that profit-making firms, non-profit organizations, state entities, guarantee agencies and institutions of higher education will be eligible to apply for service and collection contracts. The Committee expects the Secretary to issue a reasonable number of such contracts and to take advantage of existing expertise of those involved in the student loan servicing industry. To the extent practical, the Committee expects the Secretary to permit each institution to select a contractor which it believes will best serve the institution and its students. The Committee believes this will improve contractor performance.

H.R. 3553 provides institutions a \$20 per loan administrative fee each year. While the overall workload for Federal Direct loans would appear to be less than the present guarantee system which does not provide an administrative fee, the Committee believes some financial support to institutions is important to help ensure proper administration of the program.

To ensure adequate administrative support for the Secretary, H.R. 3553 includes student aid administrative costs as a line item expense. This will require the Administration and the Appropriations committees to carefully review the salary and expense support provided to the Federal Direct loan program.

As under the Stafford Student Loan program, H.R. 3553 contains death and disability cancellation provisions.

It is the Committee's desire to implement a simplified Federal Direct Loan program for students and institutions by modeling it after the Perkins Loan program. Further, it is the Committee's intent to facilitate the application process and determination of eligibility for Federal Direct loans by maximizing the availability of a free Federal financial aid application and the central data base matches that are part of the Federal financial aid delivery system. The Committee believes that borrowers should complete only a small number of non-redundant questions essential for the delivery of the direct loan, and to the extent possible these data elements should be part of a standardized promissory note.

The Committee expects that the process by which institutions receive Federal Direct loan funds will operate like the Federal Pell Grant program and that institutions will be able to adjust requests for funds according to actual student eligibility throughout the program year. However, it is the Committee's desire not to make the flow of funds to institutions of higher education dependent on the input of individual student data, nor on the reconciliation by the Secretary of Education of individual student data as is currently the case under the Federal Pell Grant program.

In addition, it is the Committee's intent to require participating institutions to report to the Department contractor only that data which is essential to ensuring the integrity of the Federal Direct Loan program and/or the completeness of the National Student Loan Data base.

The following reflects the Committee's general expectation of how the Federal Direct Loan program will be structured with respect to loan processing, loan disbursement, draw down of funds, reporting, and institutional liability. Because of the Committee's concern that the Federal Direct Loan program be a simplified process for families, the Committee expects that the Department of Education will conduct negotiated rulemaking for full implementation of Part D.

Loan Processing

A student completes a Federal financial aid application to apply for all forms of Title IV aid. There is no additional application for determining eligibility for a Federal Direct loan.

The Federal financial aid application is submitted to a processor, who, in addition to computing a student's eligibility according to the Federal need analysis, conducts central data base matches with entities such as Selective Service, the Immigration and Naturalization Service (INS), and the National Student Loan data base.

The processor forwards its result, including default analysis, to the institution of higher education. The institution reviews the

need analysis, determines the student's eligibility for all forms of Title IV aid, and sends the student an award notice.

An institution mails a standardized promissory note to eligible students. The institution decides the appropriate time for mailing the note. The promissory note includes only those data elements and identifiers essential to the disbursement of the loan such as: loan amount, student's name, student's permanent address, student's social security number, student's driver license, name and address of student's nearest relative, name and address of other references, student's signature, and date. However, as time may have elapsed since the National Student Loan data base match, the student will certify on the promissory note that he or she is not in default on any Title IV loan or does not owe refund for any Title IV grant or scholarship.

The student completes the promissory note, retains a copy, and returns the original directly to the institution. The deadline for submission of the promissory note could be the earlier of the last day of the award year, June 30, or the last date within the award year on which the student was enrolled and eligible. The institution reviews the promissory note to ensure that it is properly executed.

Loan Disbursement

The Committee intends that no loan funds may be disbursed until the institution has received a properly executed promissory note. Loans may be credited to a student's account or disbursed directly to the borrower by check.

As under the current Stafford Student Loan and Perkins Loan programs, the institution may advance Federal Direct loan funds by crediting an enrolled student's account no more than three weeks before the first day of classes of a payment period. An institution may advance loan proceeds directly to an enrolled student no more than ten days before the first day of classes of a payment period. An institution must return any amount advanced to the borrower who before the first day of classes officially or unofficially withdraws or is expelled.

Loans disbursed directly to a student's account must be clearly identified as the Federal Direct loan proceeds. The student is not required to sign an additional authorization or acknowledgment of receipt of funds at the time of disbursement.

At institutions using standard academic terms, the payment amount is calculated by dividing the total award by the number of payment periods. Institutions not using standard terms must make at least two payments during the academic year, one at the beginning and one at the midpoint, after the student completes the hours for which payment was received. If the award is for less than an academic year, the total amount is divided by the number of payment periods the student will attend.

If the student incurs varying educational costs and needs additional funds during a particular payment period of the academic year, the institution may advance the Federal Direct loan proceeds to the student to meet those uneven costs.

An institution may credit the loan proceeds to a new borrower's account prior to that borrower receiving an entrance interview. However, a new borrower must receive an entrance loan interview within sixty days after the date the loan is credited to the account or prior to leaving the institution, whichever occurs first. Under no circumstances may an institution advance loan proceeds directly to a new borrower prior to that borrower receiving an entrance loan interview.

Draw Down of Funds

The institution draws down funds from the Department of Education Payment Management System. The Committee intends that all regulations concerning the draw down of Federal Direct Loan funds will be consistent with current procedures for campus-based and Federal Pell Grant programs. At the beginning of each award year, an institution of higher education is given an initial allocation based on the institution's previous Federal Direct loan volume. As the award progresses, the allocation for an institution is adjusted based on the actual number of eligible students.

An institution draws down funds and funds are posted to eligible student accounts within the time frames consistent with existing procedures of the Department of Education Payment Management System.

The Committee intends that the Federal Government make funds available as necessary to provide for the prompt and continual flow of funds to eligible students.

Reporting

The Committee intends that an institution is only required to report essential data elements to the Department contractor such as: student's enrollment status; student's default history, if any; student's repayment history, if any; and student's annual indebtedness under the Federal Direct Loan program only. The Committee intends that the Secretary shall, through its contracts with private sector servicers, provide for a variety of ways for this data to be transmitted by institutions including, but not limited to: modem, tape, floppy disc, or a cumulative paper roster. The institution should be able to elect the option.

The Committee intends that an institution will report any change in a student's enrollment status or loan eligibility to the servicing contractor. Any funds that are recovered from the student as the result of refunds or overawards are deducted from the next draw down of funds. The exact time frame for reporting of the data to the servicing contractor will be determined under negotiated rulemaking, taking into account reasonableness and variances in institutional administrative capabilities. However, the Committee believes that an institution should not be allowed to report less than quarterly to the servicing contractor.

Institutional Liability

As under the current Perkins Loan program, an institution is liable for determining student eligibility, executing promissory

notes, and disbursing funds to borrowers. However, unlike the current Perkins Loan program, the institution is not liable for a loan during the repayment period if the promissory note was properly executed.

The Committee intends that in the event the institution submits an improperly executed promissory note to the Department contractor, the note will be returned to the institution promptly for correction. If the institution is unable to have the borrower execute a correct promissory note, the institution is liable for the loan in the event the borrower fails to repay, as is currently the case under the Perkins Loan program.

Part E, Federal Perkins Loans

H.R. 3553 changes the name of the grants awarded under this subpart to "Federal Perkins Loans." The Committee believes that it is important that students and their parents recognize that these grants, and other assistance under Title IV, are provided by the Federal Government.

The Committee found that over the last decade, there has been a dramatic increase in the number of students attending on a part-time basis and the number of independent students. In order for these nontraditional students to have increased access to postsecondary education, and to assistance under this title, it is important to define the nontraditional student.

The nontraditional student includes students who are attending less than full time, who are age 24 or older, who are single parents, or who are independent students.

H.R. 3553 states that a reasonable amount of Federal SEOG funds should be allocated to nontraditional students. The Committee refrains from requiring a strict proportional allocation, recognizing that this may be overly restrictive. The Committee intends that while institutions are given discretion in allocating an equitable amount of funds for nontraditional students, this discretion should not result in an institution's disregarding the plain intent of the law. This provision was taken from H.R. 3241, legislation introduced by Representative Steve Gunderson to address the needs of nontraditional students.

H.R. 3553 makes a variety of modifications in the cancellation provision for Federal Perkins Loans. Under Section 465(a)(2), the cancellation of Federal Perkins Loans is permitted only for those teachers who work on a full-time basis in a public or non-profit private elementary or secondary school, if that school (1) is eligible for assistance under the Chapter One program, and (2) has a student enrollment of which more than 30 percent are from families with incomes below the poverty level. Current law also mandates that no more than 50 percent of schools in any state receiving Chapter One funds may be designated as institutions in which teaching service qualifies Perkins borrowers for cancellation. H.R. 3553 strikes the 50 percent cap and permits all Chapter One schools with a student enrollment of more than 30 percent from at or below poverty level to be eligible as an institution in which teaching service qualifies for Perkins Loans forgiveness. This provision was drawn from H.R. 3334, introduced by Representative Ted Weiss.

H.R. 3553 extends Federal Perkins Loan forgiveness to individuals who, upon completion of their course of study, work full time as teachers of infants and toddlers (ages birth through 2 years) with disabilities. This provision was taken from legislation, H.R. 2952, introduced by Mr. Klug.

The Committee finds that among the largest stumbling blocks encountered by states in their efforts to implement early intervention programs for infants and toddlers, authorized under Part H of the Individuals with Disabilities Act, has been a shortage of qualified service providers. It is the intent of the Committee, in making this amendment, to encourage a greater number of qualified individuals to dedicate themselves to the service of this age cohort.

H.R. 3553 also allows for Federal Perkins loan cancellations for borrowers who work as a full-time nurse or medical technician providing health care services. This provision was included from H.R. 2300, introduced by Representative Patsy Mink.

The Committee also wants to encourage qualified individuals to seek employment in agencies serving high-risk children and families in low-income communities. Therefore, H.R. 3553 provides for the cancellation of Federal Perkins loans for borrowers who work as a full-time employee of a public or private nonprofit child or family service agency. The Committee intends for this provision to apply to employees working in Head Start programs, child care and child development programs, and programs providing health, mental health and psychological services, as well as social services to this population.

Such positions are traditionally low-paying. After graduation, many students, who might otherwise select careers with such agencies, choose not to because of the large amount of debt they incurred in financing their postsecondary and graduate educations, which they must repay.

The National Child Care Staffing Study, *Who Cares? Child Care Teachers and the Quality of Care in America*, found that the education of child care teachers and the arrangement of their work environment are key to the quality of services children receive. The study investigators recommended the promotion of formal education and training opportunities for child care teachers to promote better quality child care services.

At present, agencies serving these children and families are overwhelmed by unmanageable caseloads. Many states report difficulty in recruiting enough qualified candidates to provide critically needed services. In the child welfare field, for example, only 28 percent of caseworkers nationwide have social work degrees.

In a recent survey conducted by the National Association of Social Workers, nearly 40 percent of social work students who are not planning to seek employment in child welfare agencies after graduation, or uncertain about their plans, indicated that cancellation of their student loans would make them more likely to seek employment.

H.R. 3553 makes other necessary and technical changes to the Perkins loan program.

Part F, Need Analysis

Single need analysis

H.R. 3553 establishes a single need analysis for all Federal student financial assistance programs, described in Part F. The Committee has seen great success with the Congressional Methodology system established under the Higher Education Amendments of 1986. Those amendments established a need analysis system for all Federal student assistance programs with the exception of the Pell grant program. H.R. 3553 includes the Federal Pell Grant program under the need analysis in Part F.

The Committee's main goal in establishing a single need analysis system and in revising the need analysis under H.R. 3553 was to simplify the current system and to make it more understandable, equitable, and justifiable for students and their parents. Students testified that the complexity of the application and delivery process for Federal financial aid actually acts as a barrier to access for some students.

Cost of attendance

H.R. 3553 clarifies the calculation of need, corrects discrepancies between the calculation of expected family contribution for dependent and independent students and reduces the number of questions that students and parents must answer, thereby simplifying the process.

H.R. 3553 contains provisions to clarify the cost of attendance. The Committee intends to clarify that costs of attendance for incarcerated students are limited to direct educational costs including tuition, fees, books and supplies. Since incarcerated students have no expenditures for room, board, transportation, personal expenses, dependent care or other costs, these should not be used as part of the cost of attendance to determine a student's need.

It is and has been the intent of the Committee that the dependent care allowance must include an allowance for study-time, internships, field-work, student teaching, commuting-time, and other school-related obligations as well as actual in-class-time. The Committee has learned that some institutions do not give a student who is also a parent a dependent care allowance sufficient to cover all school-related functions. Institutions of higher education consider a student who is in class 12 hours to be attending on a full-time basis, because of school work required outside of class time. This same student should be provided with a dependent care allowance sufficient to cover costs associated with all work required outside of class time.

H.R. 3553 clarifies that students enrolled in telecommunications courses, study abroad programs, and cooperative education programs have special costs associated with participating in these programs included in their costs of attendance. This provision was drawn from H.R. 3129, introduced by Representative Joe Gaydos.

In an effort to include all costs associated with college attendance, the Committee wishes to provide the opportunity to recognize additional necessary educational expenses, such as loan origination fees and application fees, that may not fall into other identified cost of attendance categories.

Expected family contribution for dependent students

H.R. 3553 divides need analysis into three parts: A determination of expected family contribution (EFC) for dependent students and their families; a determination of EFC for single or married independent students with no children; and a determination of EFC for single or married independent students with children.

The bill as approved by the Committee eliminates potential for abuse by stipulating only those family members enrolled in a degree or certificate program will be counted as enrolled for the purposes of Part F. Also, parents of dependent students will not be counted in the number of enrolled students in the family.

In order to simplify the application process, the Committee made changes to need analysis to reduce the number of questions a student and his or her parents would have to answer. One change to accomplish this goal was the elimination of a separate allowance for medical and dental expenses. The Committee intends that medical and dental expenses in extraordinary circumstances should continue to be included in the calculation of need using the professional judgement authority of the financial aid administrator.

H.R. 3553 also reforms the standard maintenance allowance under current law by changing the name of this allowance to income protection allowance to make this more understandable to students and their parents. The Committee changes the derivation of this allowance to more accurately recognize current consumption patterns. H.R. 3553 would utilize the Consumer Expenditure Survey published annually by the Bureau of Labor Statistics. This survey more reliably reflects the current cost of the goods and services being purchased by typical families.

For families with dependent children, H.R. 3553 uses the level of income protection supported by the lower living standard as an income protection allowance. Families living at this level are unlikely to have the ability to contribute to postsecondary education, because their income permits no opportunity for choice about discretionary expenses. Therefore the Committee believes that protecting this level of income is appropriate.

The Committee attempts to correct inequities in determining parental contribution and to make this process more justifiable to parents by making adjustments to encourage families to save and protect families from having to mortgage their homes, farms or small businesses.

The Committee strongly believes that families should be encouraged to, where possible, save for their children's education. However, current need analysis can punish some families who save. To address this inequity, H.R. 3553 includes an educational savings protection allowance in determining what parents should contribute from their assets. This will allow families to save for their child's education without penalizing these families.

Since families save for postsecondary education expenses in a variety of ways, the Committee does not intend this allowance to protect only those assets in special targeted savings accounts. Instead, the allowance would protect a portion of the family's total assets, thus providing a family with total flexibility about the type of asset it uses as its planning and savings vehicle. Because families are

asked to save as much as possible of their expected family contribution prior to their child's enrollment, the allowance protects an amount equal to the parent's contribution from income for that year.

Further, the Committee believes it is appropriate that this allowance apply only to the parents of dependent students, since historically parents are expected to save for their children's education. There has not been the same expectation that independent students, through prior planning, will be able to finance their own education.

Non-liquid assets

During the extensive hearing process, the need analysis inequity about which the Committee heard the most testimony was the inclusion of the value of a family home, farm, or business in the calculation of expected family contribution. From Montana to Louisiana, from Rhode Island to Washington to Hawaii, the Committee heard testimony on the inequity of counting non-liquid assets in need analysis. The Committee heard from families who have seen real estate prices soar, resulting in families living in homes they can't sell, can't borrow against (because their income is too low for a lender to make them a loan) and could not afford to buy if they were making that purchase today. The Committee does not believe that living in a home that has doubled in value because of an inflated real estate market should force families out of eligibility for Federal student financial assistance.

During the last Congress, Representative Coleman presented to the Committee legislation to remove non-liquid assets from the calculation of expected family contribution under this part. This legislation was approved by the Committee and passed the House as part of an omnibus education bill, but was never enacted. This year, the Committee has before it for consideration five bills that would eliminate or cap the inclusion of non-liquid assets, including H.R. 2561, the Middle Income Student Assistance Act, introduced by Representative Pat Williams; H.R. 3078, introduced by Representative Jack Reed and Representative Patsy Mink; H.R. 1117, the Student Financial Aid Improvement Act, introduced by Representative Marge Roukema; H.R. 190, introduced by Representative Robert Roe; H.R. 3411, introduced by Representative Bill Blunt; and the Administration's bill, H.R. 2627. The Committee does not expect a family to sell its home, family farm or family business in order to finance their children's education. Therefore the Committee has excluded home, farm and small business equity from the asset calculation in determining a family's expected family contribution.

It is important to note however, that the Committee is not satisfied with the language in H.R. 3553 as reported from Committee concerning the definition of small business. The intent of this provision is to exclude the assets of businesses so small that their continued operation would be jeopardized if the assets were to be mortgaged for student's education expenses. It is the intent of this Committee to further review the language in H.R. 3553 and work toward making modifications so that the bill language accurately reflects the intent of the Committee.

Dependent student contribution

Through amendments to this part, the committee also attempts to correct inequities in the current need analysis system regarding minimum student contribution, double-counting of student earnings and the current student assessment rate. This provision was drawn from H.R. 933, introduced by Representative Gerald Solomon.

The Committee feels that arbitrarily imposing a minimum student contribution, defeats the purpose of making Part F justifiable to students and their families. If a student does not have the minimum student contribution in his or her possession, imposing this requirement will result in a loss of access for some students. The Committee notes that students are expected to contribute to their own cost of education. This is apparent in the assessment of student income and assets under Part F and the structure of the Federal Pell grant program.

Current need analysis also penalizes students who save from their paychecks. Under current law, if a student works and saves a portion of these earnings, the earnings are assessed once in the income calculation and again as part of the asset calculation. The United States Student Association testified before the Committee that this "double counting discourages students from saving, and should be eliminated." The Committee includes a provision to correct this injustice.

Current law also expects students (both independent and dependent) to contribute at least 70 percent of their income each year toward their education. The Committee heard testimony that this amount was excessive. For the neediest students, their income often contributes to the maintenance of their family. H.R. 3553, therefore, changes the assessment rate to 50 percent. Since the student is the primary beneficiary of the education, the student should be contributing a substantial portion of their earnings to their education.

Independent students

The Committee also attempted to correct current inequities in the treatment of independent students under Part F.

In determining need for independent students, H.R. 3553 modifies treatment of independent students with spouse and no children to consider the spouse's income and assets in determining the expected family contribution.

H.R. 3553 attempts to make postsecondary education more accessible for non-traditional students, many of whom are independent students. Current law requires expected family contribution to be based on the "base year" income for both dependent and independent students. Since many independent students were employed full time prior to attending postsecondary education and these students will reduce their employment while they are in school, base year income is not an accurate representation of their income during the award year or their need. In an effort to correct this inequity for non-traditional students, the Committee feels that independent students should use expected year income in the computation of their expected family contribution.

Also, since independent students have their income assessed at 50 percent, the Committee believes that it is appropriate to use the prevailing living standard to determine the monthly non-enrollment maintenance allowance for independent students with no children. The Committee believes that this standard is appropriate because these students are actually expected to exist on this maintenance allowance.

Miscellaneous

H.R. 3553 includes updated charts and tables for Part F. However, the Committee did not include an updated table for the "Percentages for Computation of State and Other Tax Allowance." The Committee wishes to provide the opportunity for a review of this table. The Committee believes this is particularly necessary in light of the recent changes in taxation rates in a number of states.

Numerous witnesses testified before the Committee that students from families with proven need were being discouraged from participation in postsecondary education because of complicated forms which were not relevant to their situation. The Committee believes that very low income families should have their eligibility for financial assistance determined automatically. Families whose earnings are at or below the earned income tax credit threshold and who do not file an Internal Revenue Service Form 1040 have been identified to the Committee as those at the appropriate income level for expedited treatment. H.R. 3553 provides these families with a zero expected family contribution for the purposes of determining Federal student financial assistance eligibility.

It is also the Committee's intent to facilitate the application process for these families by requiring them to complete only a small number of demographic questions and those questions essential to determine their eligibility for the simplified needs test.

It has always been the Committee's intent to provide financial aid administrators with the authority to modify standard procedures when unusual circumstances exist. Although the Committee is confident that the system of need analysis prescribed under this title is appropriate for the majority of aid applicants, it remains the Committee's desire to permit necessary adjustments for students whose situations are not typical or for those students with special conditions.

For example, the Committee believes that the medical and dental allowance provided through the Internal Revenue System is adequate for most families, and therefore, does not wish to encumber the application form with this data element for all students. The Committee does acknowledge that some families have unusual expenses in this area and wishes to provide the opportunity to accommodate such expenses in evaluating such families' financial strength.

Similarly, while the Committee believes that certain populations, such as displaced homemakers and dislocated workers may be deserving of special treatment, it does not believe that the application process or the need analysis should be burdened with the detail necessary to identify and specify the appropriate treatment. Adjustments for families in these circumstances are better made on

an individual basis by the financial aid administrator, using all available information about the family.

It is not the Committee's intent, by mention of these examples to limit in any way either the types of adjustments that may be made or the circumstances under which adjustments may be made. Further, the Committee recognizes that although adjustments must be made on an individual case-by-case basis, students may have similar circumstances which make similar adjustments appropriate. It is the Committee's specific intent that financial aid administrators have this discretion for all programs under this title which use the need analysis set forth in this part. The Committee feels that this provision should not be waived or changed arbitrarily by other Committees of the House.

Current law stipulates that Federal student financial aid that is made available for certain costs of attendance shall not be considered as income or resources in determining eligibility for assistance under any other program funded in whole or in part with Federal funds. H.R. 3553 would simply extend this to say that any Federal student financial assistance should be excluded from consideration as income when determining the need or eligibility for, or amount of, any other public benefits or assistance.

The Committee intends this change to protect students who are receiving Federal or Federally-subsidized assistance to support themselves and/or their families. Under the current law, if these students receive Federal student financial aid, they face a reduction in other forms of assistance, such as food stamps and child care allowances. Since it is the Committee's intent to encourage these students to continue their education so that they can become self sufficient, H.R. 3553 will remove any obstacles that would discourage their independence.

Definitions

H.R. 3553 also makes some changes in the definitions in Part F. The Committee recognizes that in the past, veteran's educational benefits have not been uniformly reported or consistently considered in the determination of a student's financial need. The Committee, therefore, has identified the existing veteran's educational benefits to facilitate consistent reporting. Further, in H.R. 3553, these benefits are considered as untaxed income, for all students and all programs, for the purposes of determining expected family contribution. The Committee believes that this will ensure the uniform treatment of these benefits.

Because alimony and child support payments are included as assets when a family receives these payments, the Committee believes they should not be included as income for the family who pays these obligations. The Committee does not want to discourage the payment of alimony or child support. For a family that both pays and receives child support, the current need analysis does not consider the payment of the support but does count the incoming child support as family income. H.R. 3553 corrects this discrepancy.

Also, Title IV-E of the Social Security Act, the Independent Living Program, is designed to assist youths in foster care placements such as group homes, to make a successful transition from foster care to adult independent living. The Committee learned

that the Title IV-E monies these youth receive to support themselves are considered as financial resources when determining their financial aid package. As a result, these youth fail to benefit from the Title IV-E funds. H.R. 3553 clarifies that Federal monies received under Title IV-E of the Social Security Act are to be excluded from Federal financial aid calculations.

During the Higher Education Amendments of 1936, the Committee revised the definition used to identify independent students. While the Committee believes that this definition was an improvement over previous practice, the Committee has heard concerns expressed by financial aid administrators about some of the factors in current law. In particular, financial aid administrators were troubled by the ability of some students and their families to manipulate the conditional criteria used to establish financial independence for individuals under the age of 24. H.R. 3553 addressed these concerns by removing the conditional criteria from the independent student definition. The Committee believes that the categories established in the bill identify the appropriate groups for automatic independence. Further, the Committee is confident that the needs of other students with unusual circumstances will be addressed under the authority given for professional judgement to financial aid administrators.

The Committee heard testimony that the recent banking crisis is causing a problem in determining expected family contribution. H.R. 3553 clarifies that assets that are frozen as a result of a bank or credit union emergency should not be counted as assets for the purpose of Part F. It states that have had to declare bank emergencies as the result of widespread institution or private insurance fund failure, accounts can be frozen for several years. The Committee heard from students and parents who had been saving to finance their education costs, but were locked out of their bank accounts. Since these families have no access to their accounts, the Committee does not believe that the funds in these accounts should be counted as available assets to the student and his or her family. This provision was drawn from H.R. 3274 and H.R. 3275, introduced by Representative Jack Reed.

The Committee recognizes that since the last reauthorization of the Act, there have been a variety of tuition prepayment plans established to encourage families to save in advance for college. The Committee is concerned that the amounts invested in these plans be treated in a fair and equitable manner. To ensure such treatment, H.R. 3553 specifies that tuition prepayments shall reduce the amount of a student's cost of attendance, or shall be considered as estimated financial assistance. It is not the Committee's intention that these prepayments be considered as part of a family's income or assets.

Part G, General Provisions

In amending this section of the Higher Education Act, the Committee intends to improve the integrity of the Federal student assistance programs and to prevent fraud and abuse in the programs. Many of these provisions were drawn from H.R. 3239, introduced by Representatives Gordon and Rostenkowski.

H.R. 3553 reforms the criteria by which institutions become eligible to participate in the Title IV programs. Institutions which offer half or more of their courses as correspondence will no longer be considered eligible institutions under this title. The Committee intends that institutions who file for bankruptcy will be automatically ineligible to participate in Title IV. The Committee intends that if an institution, or its owner or chief executive officer, is convicted or pled guilty to a crime involving Title IV funds, that institution will no longer be eligible for participation in the Title IV program.

H.R. 3553 clarifies that institutions must be certified by the Department of Education to be eligible to participate in the Title IV programs and to be capable of ensuring proper and efficient administration of funds received under Title IV. The Committee found that currently the Secretary does not regularly certify or review institutions of higher education. The Inspector General for the Department of Education testified before the Committee that their "reviews of the Department's process for certifying schools as administratively capable and financially responsible disclosed that these processes did not prevent deficient schools from Title IV participation and did not assure that students and the Government were protected when schools failed before providing all educational services due."

The Committee strengthens the certification process in order to reduce fraud and abuse in the programs. H.R. 3553 would require the Secretary to review and, if appropriate, recertify the eligibility of all institutions of higher education within 5 years of enactment of this legislation.

The Committee intends that the Department of Education would be required to perform on-site visits prior to certification. The Secretary would be able to charge the institutions fees in order to cover the costs of these visits. The Committee intends that the Secretary can certify an institution for eligibility for up to a 4 year period. H.R. 3553 also authorizes the Secretary to conditionally certify the eligibility of an institution for up to 3 years. Conditional certification could be used for institutions which are entering the Title IV programs, institutions which have changed ownership or in case the Secretary wants to further review the financial and administrative condition of the institution.

The Committee agrees with the findings of the General Accounting Office that "the Department, however, is the ultimate gatekeeper of Federal student aid programs. As such, it needs to play a more active role in screening schools to reduce the exposure to financial risk to the government and students. In approving schools initially and monitoring schools currently participating, it should ensure that schools are financially sound and administratively capable of providing the education that they advertise".

H.R. 3553 eliminates the requirement that institutions of higher education must be accredited by a private accreditation agency that has been recognized by the Secretary of Education in order for students attending that institution to qualify for Title IV assistance.

The Committee heard testimony that the current accreditation process was ineffective. The Inspector General at the Department of Education testified that "billions of dollars available to students

each year through loans and grants are at risk, in part because the recognition process does not assure that the accrediting agencies use appropriate and effective policies to accredit schools."

The Committee received no recommendations from the higher education community for the improvement of this process. Since accrediting bodies are private, non-government organizations the Committee is reluctant to impose any standards on them without their recommendations. Without such standards, the Committee does not believe the current system is effective.

By removing accreditation as a criteria for participation in student aid, the Committee does not intend to imply that accreditation should cease to exist. The Committee believes that the peer review process embodied in private, non-governmental accrediting bodies may serve a worthwhile function in maintaining standards in the academic community.

The Committee wants to clarify that it does not intend to shift the current use of approval by peer review by a specialized national accrediting agency to a state postsecondary approving agency in the case of professional education programs. The Committee understands the necessity of having one standard, rather than 50 or more different sets of state standards, for judging the quality and content of professional education programs.

The Secretary of Education recommended that programs of less than 600 clock hours in length be removed from eligibility for Title IV. Currently, courses between 300 and 600 clock hours are eligible to participate only under the Part B loan programs. The Secretary told the Committee this change was necessary to reduce loan defaults and reduce student debt. However, the Committee desires that students in short term programs still have access to the loan programs without risk to the taxpayer. Therefore H.R. 3553 provides that courses between 300 and 600 clock hours would be eligible for loans under Part B and Part D, if the prospective employer or the institution cosigns the loan. Also, to prevent excessive student indebtedness, loans would be limited to one half of the tuition of the course.

H.R. 3553 legislates a definition of academic year to be not less than 30 weeks in instructional time, 23 semester or trimester hours, 36 quarter hours or 900 clock hours. The Committee adopts this language at the request of the Department of Education and in response to findings by the Inspector General.

It is the intent of the Committee to modify the definition of academic year and to require the measurement of less than two-year courses of instruction which are occupational, vocational, trade or technical in nature in clock hours in order to assure the appropriate disbursement of Federal student financial assistance.

The Committee included this language at the suggestion of the Inspector General of the Department of Education who testified that "some schools made unreasonable conversions simply to qualify previously ineligible clock hour programs as eligible credit hour programs."

However, many vocational courses of instruction that are less than two years in length are components of longer programs of instruction. For example, a student enrolled in a computer technician certificate program may be required to take some of the same

courses as a student enrolled in an associate degree program focused on computer sciences. An institution's ability to establish articulation agreements is preserved, as is a student's ability to receive credit for their coursework, where applicable, when transferring from one program to another. The Committee intends that, if all of the coursework in a less than two year vocational program is fully acceptable for credit in a two- or four-year degree program at the institution, then the institution can measure all of the coursework in credit hours.

The Committee heard testimony that one potential for abuse in the Title IV programs occurs when an institution changes ownership or when a new branch is created. The Committee heard of cases where a reputable institution was sold to a new owner who had no interest in maintaining the integrity of the institution or the Title IV programs. H.R. 3553 amends Section 481 of the Higher Education Act to provide that institutions that undergo a change of ownership shall be considered a "new institution" for the purposes of establishing eligibility to participate in Title IV programs. The Committee intends that a change in ownership will result in new Departmental certification and state approval. The Department of Education would have to visit the school. The Committee intends, however, that the institutions need not have been in existence under the new ownership for two years as is otherwise required in the case of new institutions. Moreover, the bill also provides that, where there has been a change of ownership, the institution is eligible to receive conditional certification to participate in Title IV programs.

The Committee intends that taken together, these provisions assure that the qualifications of the institution under its new ownership to participate in Title IV programs are closely examined and monitored. The Committee does not intend that these provisions be used to cause a protracted period of interruption of participation in student assistance programs whenever there has been a change of ownership. It is the Committee's intent that the conditional certification authority of the Secretary or the authority to certify an institution for a short time be used during the period in which the Secretary is reviewing the institution. It is not the intent of the Committee that Federal student financial assistance will be needlessly delayed or denied to students attending an institution that changes ownership.

H.R. 3553 also clarifies the intent of the Committee that branch campuses should be treated as separate institutions for the purposes of Title IV. This would mean that branch campuses would have to be certified as eligible institutions separately by the Secretary and approved by state approving agencies. The Committee notes that the problems caused by branch campuses are in large part due to Department of Education regulations which facilitated branching and which failed to carefully monitor new branches.

The Committee is concerned that the provisions limiting the effective date of regulations has been interpreted too narrowly in the past. The Secretary has interpreted current law to apply to only those regulations deemed to affect the "general administration" of the Federal student aid programs. Under the Secretary's interpretation, only those provisions affecting all programs have been

bound by the December 1 deadline. The Committee intends that the effective dates of all regulations on Title IV are driven by the Master Calendar requirements in Section 482.

One of the major goals of the Committee during this reauthorization was to simplify the process for applying for Federal aid for students and their parents. In testimony presented to the Committee, students informed us that the multiplicity and complexity of the forms were a deterrent for many students. As a result, the Committee made changes to need analysis in Part F and the application form in Part G to reduce many of the questions on the form.

H.R. 3553 requires that students apply for Federal student financial assistance on a Federal form that will be free of charge to the student. The Committee intends that the Secretary develop a single Federal financial aid form for all students applying for Federal aid. The Committee intends that the Secretary is prohibited from allowing this form to be embedded in any other financial aid form. The Committee is concerned that students know that they are receiving Federal aid and realize which data elements are required of them by the Federal Government.

In order to simplify the process for the student, H.R. 3553 also provides that states and institutions shall have access to this Federal data free of charge from the Federal Government. However, the Committee intends that all data collected by a multiple data entry processor for the Federal Government be considered the property of the Secretary and cannot be sold or transferred to another party without the permission of the Secretary.

In further attempting to simplify the process of applying for Federal student financial assistance, H.R. 3553 provides a simplified application process for students from families whose income qualifies them for the earned income tax credit. These families are from incomes so low that, in general, they do not have assets. The Committee intends the Secretary to develop the free Federal form in such a manner that these families will have to answer only demographic questions, a question on their income relative to the earned income tax credit and then be able to by-pass the remainder of the application.

The Committee also heard testimony that, in general, a student's financial circumstances do not vary from year to year. Therefore, H.R. 3553 directs the Secretary to develop a streamlined application process for Federal financial aid recipients who are reapplying for Federal aid. The Committee intends that students should only have to update information from their previous year's application that has changed. The Committee believes that the changes to Section 483 will greatly simplify the current application process for students and their families.

H.R. 3553 reinstates eligibility retroactively to 1987 for the College Work Study and Perkins Loans programs for students enrolled in a teacher credential program or other state-required credential and licensing program.

This provision corrects an inadvertent error the Department admits making in promulgating regulations for the Perkins Loan and College Work-Study Program on December 1, 1987, but which the Department has been unwilling to correct. Those regulations excluded students from eligibility for the College Work-Study and

Perkins Loan programs who possessed a baccalaureate degree and were enrolled in a credential or certificate program.

However, the Department did not realize it's error until December 1990. On the strength of the Department's *Federal Student Financial Aid Handbook* and instructions on the 1990/91 and 1991/92 Application for Federal Student Aid, campus financial aid directors continued to award aid based on financial need from both College Work-Study and Perkins Loan program funds to all eligible students with a baccalaureate degree enrolled in a teacher credential program.

The Committee has learned that the Department is now auditing schools and penalizing them for providing College Work Study and Perkins aid to such students. This provision was made retroactive to 1987 to ensure that institutions and students that followed the instructions in the *Federal Student Aid Handbook* will not be penalized by the Department.

H.R. 3553 makes changes to the eligible student definition in an effort to reduce fraud in the program. H.R. 3553 clarifies that students can use Title IV funds only for their first baccalaureate degree. The Committee also includes language that provides that incarcerated students are not eligible to participate in the loan programs.

In adopting the amendment relating to the so-called ability-to-benefit provision, it is the intent of the Committee that in developing and promulgating standards as required in this amendment, the Secretary shall take into account the provision to students of the following services: admission to the school, college or university; orientation to academic standards and requirements, procedures, services and rights of students in the institution; assessment of the individual student's existing capabilities through means other than a single standardized test; assisting students in developing educational plans or goals; counseling and advising, including recommendations for class levels appropriate to the student's individual capabilities; follow-up by teachers and counselors regarding the student's persistence, satisfactory progress and grades; and evaluation of the process itself in terms of student success. The Committee cites the matriculation system in use by the California Community College System as exemplary; and it is the intention of the Committee that the California system be used as a model in developing such standards. This legislation was drawn from H.R. 907, introduced by Representative Miller.

H.R. 3553 also contains language stating that the Secretary is authorized to determine the independence of testing organizations. The Committee believes that the Secretary already has this authority under current law, but wants to clarify the authority.

The Committee also intends that the Secretary should use information from other Federal sources to verify the accuracy of information provided the student. H.R. 3553 provides that the Secretary should work with the Commissioner of the Social Security Administration to use the Commissioner's data base to verify the accuracy of social security numbers submitted by students. In using all data bases available to him, the Secretary can both simplify the application process and reduce the potential for fraud or error.

The Committee notes that courses offered through telecommunications devices have played an increasingly important role in our educational system since the Higher Education Amendments of 1986. H.R. 3553 contains a provision designed to ensure that these courses, delivered both through current technologies and those which may be developed in the future, are not classified as correspondence courses, and that eligibility to participate in the student financial assistance programs is not reduced for students participating in these courses. This provision was drawn from H.R. 3129, legislation introduced by Representatives Gaydos to address this problem.

The Committee is also concerned that students who have been convicted of possession or sale of a controlled substance under Federal or state law, should not be eligible for assistance under Title IV. H.R. 3553 provides that a student loses eligibility for one year for the first conviction on a possession offense, two years for the second conviction and indefinitely for the third conviction. Further, a student would lose eligibility for Title IV funds for two years for his or her first conviction for the sale of a controlled substance and indefinitely for the second conviction.

The Committee intends that a student whose eligibility has been suspended would resume eligibility prior to the designated time if the student satisfactorily completes a drug rehabilitation program that complies with criteria prescribed by the Secretary. The Committee further intends that a student who is faced with a first conviction, may resume eligibility for participation in Title IV if he or she demonstrates that he or she has enrolled or been accepted for enrollment in such a drug rehabilitation program.

H.R. 3553 provides that, except with respect to loans where the lender is an eligible institution, a borrower may not raise any claim or defense to the loan based on any act or failure by the educational institution attended by the borrower. The Committee notes that some borrowers have attempted to avoid their loan obligations on the grounds that they did not receive the educational services promised to them by their institution or have other claims based on institutional misconduct. Courts that have addressed this issue have rendered varying decisions. As a result, there is uncertainty in the lending community.

In an effort to improve program integrity and to make the programs more equitable for the students, H.R. 3553 requires institutions to establish a pro-rata tuition refund policy. The Committee intends that students who withdraw prior to 75 percent of the way through the period of enrollment will receive a pro-rata refund from the institution. The Committee intends that this refund first pay off a student's loan balance and then be used to credit any Federal grant or work-study assistance that the student has received. This provision was drawn from legislation, H.R. 1118, introduced by Representative Marge Roukema.

The Committee has added language to require postsecondary education institutions to develop a campus sexual assault policy. The Committee recognizes the great diversity of the nation's institutions of higher education in terms of geography, size, affiliation, types of campus, and many other factors that determine the type of institutional policies necessary for a particular campus. The Com-

mittee also recognizes the importance of balancing institutional autonomy with appropriate Federal oversight.

Thus, while the Committee wants to insure that institutions of higher education provide students, employees, and applicants for enrollment, upon request, with information about certain crimes and security policies, such as policies on sexual offenses, the Committee does not wish to dictate the content of those policies. The Committee notes that Congress has already made this point clear in Section 204(f)(2) of the Student Right-to-Know and Campus Security Act of 1990, which says: "Nothing in this subsection shall be construed to authorize the Secretary to require particular policies, procedures, or practices by institutions of higher education with respect to campus crimes or campus security."

The Committee also amended the Crime Awareness and Campus Security Act of 1990 to require institutions that receive Federal funds to begin compiling and reporting data on "sexual offenses, forcible or nonforcible," rather than the category of "rape" as passed in 1990. This change is a result of the Committee's recognitions that the category needed to be broadened to include all sexual offenses.

In an effort to improve data collection on students, H.R. 3553 directs the Secretary to expand the National Student Loan Data System authorized under Section 485B of the Higher Education Act to include information pertaining to participation in all student aid programs authorized under this title. Under current law, Section 485B provides only for the aggregation of Stafford Student Loan program data. The Committee intends that this provision will require that the Pell Grant data base and other Title IV data bases be integrated with the student loan data base using common identifiers that will enable Title IV information to be aggregated by the student and the institution.

The Committee intends that this comprehensive student aid data system could include institution-specific information concerning enrollments, withdrawal rates, completion rates, job placement rates, and default rates, if the Secretary has this information available on data bases. Further, the Committee intends that student-specific data contained in the system could be cross-referenced annually with the Social Security Administration to carry out the purposes of Section 484(f). The Internal Revenue Service would also be able to use any data on this system. This provision was drawn from H.R. 3372, introduced by Representatives Bart Gordon and Marge Roukema.

H.R. 3553 would also require the Secretary to establish a centralized data system for loans made under Part B of this title. The Committee intends that this data system would be used to monitor enrollment, and student status. Institutions would provide information to this single repository through electronic means (e.g. tape, disc, dial-up transmission) as soon as the institution becomes aware of changes in borrower status. The Committee is concerned that under current practice, the existence of conflicting information from several sources results in confusion for the borrower, delay in processing his or her request for deferment benefits, repeated collection dunning activities, and risk for the lender to the insurance on the loan.

The Committee intends that this system will greatly simplify one of the most confusing areas in the student loan program. H.R. 3553 would provide a single source of information and a definitive answer on borrower status. Loan holders and other parties will be able to verify student status without the need to consult multiple, sometimes conflicting sources of information.

The Committee is concerned that Federal training activities have not been sufficient to provide appropriate training to managers of student financial assistance programs and TRIO personnel at institutions of higher education. The lack of training funds, the Committee believes, has hampered efforts to improve the professional management skills of student aid administrators and TRIO personnel, to improve the delivery of student services, to improve student or prospective student information about the availability and operation of student financial aid programs, and to improve the understanding and knowledge concerning the legislative and regulatory requirements of the Federal student financial assistance and TRIO programs under Title IV.

To address and improve training activities and to rectify these problems, thereby assisting students, the Committee authorizes, in addition to funds made available in Section 434, \$5 million for fiscal year 1993 and such sums for the next four succeeding fiscal years for the operation of short-term training institutes and special training programs for student financial aid administrators and TRIO personnel. In addition to the authorization, the Committee intends that the Secretary shall fund this section, in part, by the mandated use of funds as described in Section 433 of H.R. 3553.

Under current law, institutions of higher education must enter into program participation agreements with the Secretary. H.R. 3553 makes reforms to this section of the law to protect against fraud and abuse in the programs. H.R. 3553 would require institutions that advertise placements rates to inform students of state licensing requirements for their chosen field. The Committee heard of cases where institutions did not prepare students to meet basic state licensing requirements.

H.R. 3553 would also prohibit the use of commissioned sales people or recruiters for Title IV eligible institutions. Under these reforms, institutions would also have to agree not to employ or contract with individuals or agencies that have been convicted of fraud involving Title IV funds or have been terminated under Title IV.

The Committee intends that any new institution or any institution which changes ownership would develop a Default Management Plan prior to being certified as eligible by the Secretary and would implement that plan for at least two years.

H.R. 3553 also requires institutions that offer athletically related student aid to disclose to the public information regarding athletics-derived revenues. The Committee intends that the Secretary will prescribe a uniform reporting procedure to bring about public disclosure of 1) the total revenue and revenues by sport, including as separate categories men's and women's sports, derived by the institution's athletics departments and athletics activities; 2) the total expenditures and the direct expenditures by sport, including as separate categories men's and women's sports, for such depart-

ments and athletics activities; and 3) the total revenues and expenditures of the institution for the same period.

The Committee intends that the Secretary shall work with representatives of the higher education community and athletic conferences to develop the uniform reporting procedure to provide the data required under this section.

The Committee does not intend that an institution report on its intramural or recreational programs, even though they may be administered by the same department or division that administers the intercollegiate athletics program. Because the intercollegiate program is administered and financed in different ways on different campuses, the Committee sought to use generic language in order to capture the total revenues and expenses from the intercollegiate athletics program.

The Committee notes that although total athletics-related expenditures must be reported, this legislation requires the reporting of direct expenditures by sport. Thus for example, it is not necessary to allocate overhead expenses on a per sport basis, but only those expenses, such as equipment, uniforms or travel, that are incurred specifically with reference to that sport. The Committee recognizes that by not reporting indirect costs, the true profitability of a given sport will be overstated or loss understated. However, the allocation of indirect costs such as overhead and depreciation would be unnecessarily difficult and time consuming. The rules for accounting for athletics programs in a uniform way is to be further developed by the Department of Education.

The amendment requires that institutions that offer athletics-related student aid have annual audits by certified public accountants, following the guidelines to be developed by the Department of Education. The reports of the annual audits must be available for inspection by the Secretary and the public. The Committee does not intend, however, that the reports will be collected by the Secretary.

The Committee notes that public awareness of higher education is increasingly fueled by college athletics programs. Many athletics programs are major financial enterprises, yet the Committee notes that little public information exists on the financial impact these programs have on the overall financial operation of their host institutions.

The Committee notes that, contrary to popular perception, the limited available data indicate that even athletics programs with winning teams are apparently money losers and must rely on general revenues and other funding sources. At some institutions, a large portion of general revenue is generated by Federal financial aid sources. Uniform disclosure of the financial operations of college athletics departments will help to reflect the true costs and benefits of such programs. The Committee does not intend this provision to intrude on the governance of institutions of higher education, but to provide information that will assist the public, along with college and university administrators and trustees, in making better judgments about the appropriateness of such activities at their particular institutions. This provision was derived from H.R. 2433, introduced by Representative Paul Henry.

At the recommendation of the Inspector General of the Department of Education, H.R. 3553 removes the current requirement for "on the record" hearings for limit, suspension and termination and other activities. Institutions will still receive adequate due process without the cumbersome and lengthy process that often results from "on the record" hearings.

Also at the recommendation of the Inspector General, H.R. 3553 provides for annual financial audits for all Title IV participants, including institutions, lenders, guaranty agencies and third party servicers. The Committee intends that with this information, along with information collected from state approving agencies and from the Department of Veterans Affairs, the Secretary will have complete information on program participants. The Committee intends that the Secretary can share the information collected with any Federal or state agency that has responsibility for administering student financial assistance programs.

The Inspector General also testified that because the Secretary has not adequately used his current bonding authority, the Department is not able to recover Federal funds from institutions that have closed. The Secretary has also experienced difficulties in collecting on claims against an institution. For both of these reasons, H.R. 3553 requires institutions to obtain a bond sufficient to cover potential Title IV liabilities and potential liabilities to students in the event the institution closes.

In a further attempt to reduce abuse of the Title IV programs and to facilitate the termination of an abusive institution, H.R. 3553 provides that suspension or debarment of an individual who has substantial control over an institution may be grounds for limiting, suspending or terminating such institution. The Committee included this provision in response to a suggestion by the Inspector General. The Secretary has experienced difficulty, once abuse was found in a chain of institutions, in removing all institutions from Title IV eligibility. This provision will assist the Secretary in determining if abuse encompasses the entire chain or one particular institution.

The Committee recognizes the success of the Institutional Quality Control Pilot Project which has been authorized by the Secretary since 1985. The Committee believes the project has proven to be a good method of focusing institutional resources on areas most needing improvement, which encourages better management of student aid programs and reduced student aid processing errors. It is the Committee's desire to create a permanent Quality Assurance Program based upon the same premise, thereby ensuring the Secretary's commitment to the implementation of quality assurance principals. The Committee bill provides the Secretary with the authority to establish parameters governing participation and removal from the program.

Further, it is the Committee's desire to provide the opportunity for institutions to act as experimental sites to develop tested and proven solutions for problems and to improve student aid administration.

One problem the Committee heard in testimony was that institutions, lenders and guaranty agencies have different Department of Education identification numbers for the various programs under

Title IV. The Committee believes that this only confuses participants and complicates the administration of the programs. Therefore H.R. 3553 requires the Secretary to assign a single identification number to each participant in the Title IV programs.

The Committee believes that the purpose of the campus-based student aid programs is to allow campuses, who may have the most information on student need, to make decisions on awarding that need-based assistance. In order to increase institutional flexibility in administering the campus-based programs, current law allows for the transfer of funds between the Supplemental Educational Opportunity Grant program and the College Work Study program. While the Committee is concerned that institutions have the flexibility they need, the Committee heard that one of the most significant problems facing student's ability to finance their education is the grant/loan imbalance. Therefore, H.R. 3553 would allow an institution to transfer funds between the two self-help campus-based programs, Perkins Loans and College Work Study, and would allow institutions to transfer College Work Study money into the Supplemental Educational Opportunity Grant program, but would not allow any funds to be transferred out of the Supplemental Educational Opportunity Grant program.

H.R. 3553 also strikes the provision of current law which allows an institution to use 10 percent of its Federal College Work Study funds for the Community Service Learning program.

H.R. 3553 also amends the administrative expenses provisions of the Higher Education Act to ensure more equitable treatment for non-traditional students. The Committee intends that an institution of higher education shall assure that it provides supportive services, at such times and in such places that will accommodate the needs of nontraditional students, designed to solve particular problems with financial aid services. The Committee intends that institutions will provide services during evening and weekend hours and make financial aid services and materials available at locations including human resource departments in businesses, vocational rehabilitation centers, unemployment offices and welfare departments.

In testimony before the Committee, the Inspector General of the Department of Education said, "we recommend specifically that Section 490 of the HEA be changed to include as criminal conduct, the attempt to commit those offenses identified." The Committee adopted the Inspector General's recommendation and also increased the fines for criminal offenses.

During hearings before the Committee, the Inspector General testified that "the HEA should be amended to require owners of corporate proprietary schools to be personally liable for school losses. Current law allows Title IV participation by corporate proprietary schools, but does not provide a means of holding school owners personally liable for losses caused by a school's failure. Thus, when schools close or otherwise fail to meet their financial responsibilities, owners are able to escape with large personal profits while the taxpayer and student are left to pay the bill. Further, we recommend that the legislation be amended to ensure that school owners are held personally liable for the accuracy of information, claims or other statements on which institutional eligibil-

ity is based." With the technical drafting assistance of the Department of Education, the Committee addressed this concern in H.R. 3553.

The Committee is concerned that traditional methods used by Congress and the Department of Education to control institutional behavior, which generally require adherence to guidelines by all participating institutions, may prove administratively burdensome to institutions who are performing well. While the committee recognizes that many other measures imposed in recent years, especially in the area of student loan default prevention, were necessary to reduce student loan defaults and protect program integrity, many institutions who perform their functions well without these added rules were included in the additional restrictions.

H.R. 3553 sets forth a list of criteria by which an institution's performance can be measured. Institutions which perform well under these criteria would be exempted from certain regulatory requirements.

H.R. 3553 also includes provision for regional meetings and negotiated rule making in the development of regulations on this title. The Committee expects the individuals and groups involved in this negotiation will include representatives of all sectors of postsecondary education.

Part H, Program Integrity

A new Part H of Title IV of H.R. 3553 authorizes the Secretary to enter into agreements with the states in which each state designated one postsecondary approving agency to be responsible for the conduct or coordination of the review and approval of all institutions of higher education in the state for the purposes of determining Title IV program eligibility. The Committee includes the Part H provisions as one of the major components of its efforts throughout this title to ensure integrity and accountability in the Federal student financial assistance programs. This provision was drawn from H.R. 2617, introduced by Representative Bill Goodling and Representative Nita Lowey.

During the Committee's hearings on this issue, witnesses generally faulted the existing triad system (for determining the eligibility of an institution to participate in Title VI) for being ineffective in assuring integrity in the Title IV programs and preventing abuse and mismanagement of Title IV funds. The Committee intends that institutional eligibility criteria be strengthened under H.R. 3553. As one way to accomplish this goal, testimony by the General Accounting Office, the U.S. Department of Education's Inspector General, the Senate Permanent Subcommittee on Investigations, and several education associations endorsed strengthening the role of the states to provide better oversight in partnership with the Secretary. They advocated establishing a mechanism for assuring standards for institutions' approval by all states.

The Committee sought to strengthen the state role in this process for several other reasons as well. The states have a vested interest in assuring that Title IV funds flow to students at institutions which have programs of quality and fiscally-sound management. Many states have already initiated regulatory reform to improve the licensing of postsecondary institutions that are recipients

of state aid, the eligibility for which has often been tied to the criteria governing Federal student financial assistance. The Committee intends this part to strengthen the traditional state role of serving as a consumer protection advocate for students. The Committee believes it is appropriate that the oversight responsibility for billions of dollars of governmental programs be placed in the hands of governmental bodies at both the Federal and state level.

The Committee intends that all states participate in this part. In the event that a state fails to enter into an agreement with the Secretary under this part or fails to meet the requirements of its agreement, then the state shall receive no funds from either the State Student Incentive Grant program or this part. Also, the Secretary shall not certify any new institution in that state for eligibility under this title. Institutions in that state can only be granted conditional certification by the Secretary.

Section 495 of Part H mandates that, in establishing an agreement with the Secretary, the state shall describe a state organizational structure that designates one agency to serve as the state postsecondary approving agency for the purposes of reviewing and approving institutions in the state for participation in Title IV programs. The Committee does not intend that this section would require that review be done by a single agency; rather the Committee intends that the designated postsecondary approving agency would be the single contact point with the Secretary for that state, regardless of who or how many separate agencies actually performed review functions for that state.

The Committee recognizes that in many states oversight for institutions of higher education may rest with one or more entities other than a single state postsecondary agency, therefore the Committee believes that administrative efficiency at both the state and Federal level is better served by designating one agency for the purposes of entering into an agreement with the Secretary. The Committee makes it clear that such an agreement may not violate the constitution or laws of each state in designating a single state agency. The Committee would not require the state to change its current organizational structure or to adopt a specific organizational structure for purposes of the agreement.

Further, this section allows states to form a consortium to meet the requirements of this Part. In a case where two or more states formed such an arrangement, one entity would be designated to serve as the postsecondary approving agency for the consortium. For example, the entity may be an existing agency within one of the states in the consortium. Such entity would serve as the single contact point with the Secretary for each of those states in the consortium.

Section 496 authorizes Federal reimbursement of state postsecondary approving agencies for the costs of performing functions required through agreements with the Secretary. The Committee believes it is essential to provide states with funds to meet the necessary administrative costs of performing such a new oversight and accountability role in partnership with the Secretary.

H.R. 3553 assures that the minimal administrative costs incurred by the Federal Government under this Part (not more than one percent of Title IV assistance flowing to students attending institu-

tions in the state) will serve a risk-management function by helping the Secretary to assure that Federal funds are being used by students attending institutions with sound programs and fiscal management. The Committee makes clear that states may not be held responsible for fulfilling the obligations of the agreement with the Secretary, nor may the Secretary enter into agreements with the states, unless an appropriation to provide the administrative reimbursement is provided by Congress.

Section 497 establishes a two-tier process by which the state postsecondary approving agency will review and approve institutions within the state. The Committee developed this bifurcated arrangement to target Federal resources on institutions with the most need for oversight and out of concern that the states not be administratively burdened with the task of performing rigorous reviews of institutions with no history of serious fiscal or management problems.

The state will review all institutions against the criteria outlined under Section 497(b) in order to identify those institutions that clearly are experiencing financial and administrative difficulties, are under new management, or are new to the Title IV programs. Institutions experiencing these difficulties will be reviewed pursuant to Section 497(d). The state will perform reviews pursuant to Section 497(b) on a schedule to coincide with the Secretary's institutional certification or recertification process, although the state may perform more frequent reviews, pursuant to Section 497(b), if the state so chooses.

Institutions that do not meet one or more of the criteria for identification of financial and administrative difficulties under Section 497(b) shall be approved for eligibility by the state postsecondary approving agency.

Institutions that do meet one or more of the criteria, pursuant to Section 497(b), shall be reviewed by the state pursuant to Section 497(d). Based on this further review, the state will approve or disapprove the institution and notify the Secretary of its findings and actions. The standards developed pursuant to Section 497(d) must be consistent with the constitution and laws of the state, developed in consultation with institutions of higher education in the state, and subject to the disapproval of the Secretary.

The state may develop different standards for different classes of institutions in the state. However, all institutions meeting the criteria for identifying financial and administrative difficulties under Section 497(b) shall be reviewed subject to the standards established pursuant to Section 497(d).

Section 497(e) prohibits the State from substituting accreditation or guaranty agency audits for approval of institutions. However, Section 497(f) allows states to contract with private agencies or bodies for assistance in performing approving agency functions. The Committee's intent is to allow a state to use the services of an accrediting agency or other body in the review function, as long as such third party meets all of the requirements stipulated under this part (including the criteria in Section 497(b) and standards established pursuant to Section 497(d)) and such a contractual arrangement is outlined in the agreement with the Secretary.

The Committee intends that if a state postsecondary approving agency disapproves an institution under Section 497(i), the state shall notify the Secretary, who shall terminate the institution from participation in Title IV programs.

The definitions section of this part contains a protection for institutions of higher education which currently have program participation agreements with the Secretary and have made timely application with the appropriate state agency for review under this part. The Committee intends that an institution, which has not been disapproved by the state approving agency, should not be terminated from the program because the institution is waiting for state agency review or an approval decision.

TITLE V—EDUCATOR RECRUITMENT, RETENTION AND DEVELOPMENT

The Committee has revised Title V in order to provide a major initiative for improving the quality of teaching in our Nation's schools. Since 1965, Title V has been the primary source of support from the Higher Education Act for the improvement of collegiate and precollegiate teaching. The focus of the title today is teaching at the early childhood, elementary and secondary school levels. H.R. 3553 has greatly expanded the authorized activities under Title V in an effort to assist institutions of higher education and State and local educational agencies in providing high quality teachers for America's students.

During the hearings on Title V, four areas emerged as needing critical attention: attracting quality individuals into the teaching profession; assisting State and local educational agencies and institutions of higher education in providing teacher inservice; examining the relevance of teacher certification and licensure requirements; and assisting institutions of higher education in improving teacher education programs. The Committee has incorporated a number of initiatives to address these issues, including a new \$400 million formula grant program that will provide State and local educational agencies and institutions of higher education with funds to carry out the activities addressing the four areas of concern.

Title V contains many programs that were proposed by members of the Committee including H.R. 2912, National Teacher Recruitment and Training Act of 1991, introduced by Mr. Williams; H.R. 2495, the Teachers Leadership Act of 1991, introduced by Mr. Goodling; H.R. 2597, The National Board for Professional Teaching Standards, introduced by Mr. Williams and Mr. Coleman; H.R. 3364, the College Opportunity Act of 1991, introduced by Mr. Payne; H.R. 2142, Women and Minorities in Science and Mathematics, introduced by Mrs. Lowey; and H.R. 2938, the Teacher Opportunity Corps, introduced by Mr. Serrano.

Professional development for all educators

During the hearings on Title V, many witnesses noted the value of partnerships between local educational agencies and institutions of higher education. However, the Committee believes that an equal emphasis needs to be placed on professional development for personnel at the State educational agency and faculty at colleges of

education so that these individuals can more effectively assist in improving the entire education system. Many of the provisions in this title seek to aid all participants in the process of professional development so that they may work together toward improving education. System-wide cooperation is particularly important at a time when new national standards are being identified for education and a national examination system is being developed to evaluate schools and individual educators.

Every witness that came before the Subcommittee urged the improvement of teaching and administration in schools. The Committee believes that such improvement requires a similar improvement in the colleges of education that train teachers and administrators. Equally important, the State educational agencies, which certify educators and monitor schools, must also learn to continually improve so that the entire education system may achieve common goals.

Preschool and early childhood education

The Committee has made special efforts to make widely available training and education for individuals entering the fields of preschool and early childhood education. At present, the number of such well-trained professionals is insufficient to meet the needs of existing programs, let alone any expansion of public education programming aimed at impoverished children. Estimates are that before the year 2000, the demand for preschool teachers will increase 36 percent. Low salaries and unsupportive working conditions threaten to exacerbate this problem. We must build a stronger infrastructure to support policy initiatives designed to improve the academic and economic prospects of poor children.

Two major impediments stand in the way of efforts to address the pressing need to improve the economic and academic prospects of impoverished American children. The first is the lack of resources to train specialists in early childhood education. Succeeding with impoverished children is not easy. Program evaluation research documents that the single most important element of such success is high quality staffing and leadership. Simply providing "warm bodies" in the classroom is insufficient for success. To succeed, these programs must be led and staffed by individuals who meet high standards. They must have a good grounding in child development and a strong sense of professionalism.

The second, and related impediment, derives from the demographics of the situation. One estimate is that by 1995, minorities will make up 30 percent of the student population nationally, but only 5 percent of the teacher population. Minority children are disproportionately over-represented among impoverished children, while minority adults are disproportionately under-represented among the pool of well-trained professionals available to serve these children. This discrepancy needs addressing as a part of an overall national effort. Everyone in the field agrees that addressing this problem is vital to an overall strategy.

Finally, the Committee is deeply concerned about the increasing prevalence and severity of violence in inner-city communities. We are especially concerned about the effect this chronic community violence has upon very young children and the adults who teach

them. The Committee encourages the Secretary of Education to redouble his efforts to ensure that teachers and early childhood education specialists receive training in order to assist them in these areas. Both children and teachers need counseling to assist them in dealing with chronic community violence, especially in the area of conflict resolution. Moreover, more research should be done to determine what types of counseling are most effective.

Women and minorities in mathematics and science

The Committee's amendments to Title V include provisions from H.R. 2142, the Women and Minorities in Science and Mathematics Act. These amendments make it clear that teacher recruitment and development should play a major role in increasing the number of women and minorities in mathematics and science.

The United States faces a shortage of 750,000 scientists by the year 2000. At the same time, more than 80 percent of new entrants into the workforce during the next decade will be women and minorities. However, women and minorities are drastically underrepresented in science and mathematics courses and careers. Less than 1 percent of American scientists and engineers are women, and less than 2.6 percent are African Americans. The Committee believes strongly that we should act to increase the number of women and underrepresented minorities that pursue these fields.

The Committee believes that teachers have an important role to play in encouraging women and minorities to enter the careers of science and mathematics. Therefore, Title V, Educator Recruitment, Retention and Development programs are amended to encourage improved training of existing mathematics and science teachers. Further, the amendments stress the importance of providing scholarship assistance to recruit women and underrepresented minorities as teachers in the field of science and mathematics. These teachers will act as role models who inspire other women and underrepresented minorities to enter these fields.

Title V is divided into three parts: Part A, State and Local Programs for Teacher Excellence; Part B, Teacher Scholarships and Fellowships; and Part C, National Programs.

Part A, State and Local Programs for Teacher Excellence

During the hearings on Title V, the Subcommittee heard from many witnesses which painted a bleak picture of teachers inservice in schools across the Nation. The witnesses shared with the Subcommittee the fact that when States and local schools systems are forced to cut budgets and reduce spending, it is often the teacher inservice programs which are the first to be affected. Dr. Jack R. Anderson, Superintendent of Schools of the East Ramapo Central School District, testifying on behalf of the American Association of School Administrators, had this to say about the condition of teacher inservice in the United States:

An ironic and potentially debilitating situation exists in this country's efforts to improve education. At a time when there is a clear signal that teaching/learning must be improved and that funds at the national and State levels must be allocated toward improving the structure

and assessment of education, school districts are losing, and in some cases eliminating entirely, funds central to improving teaching/learning in the classrooms. Budget crises in educational communities across the country have led to the elimination of jobs, programs, and essential inservice training for the 1991-92 school year.

In response to these concerns, the Committee has authorized a new program, State and Local Programs for Teacher Excellence, which provides funds to State and local educational agencies and institutions of higher education for activities designed to improve the quality of teaching. Sufficient flexibility is given in this program so that the specific needs for teacher inservice in each State or school district can be met.

The Teacher Excellence program authorizes a \$400,000,000 formula grant program to the States, which is administered by the State educational agency (SEA). Funds are distributed to the States based on each State's relative share of the nation's school-aged population. Within the State, local educational agencies (LEAs) would receive 50 percent of the funds on the basis of the LEA's relative share of the school-aged population in the State; SEAs would retain 25 percent of the funds for State activities and institutions of higher education would receive the remaining 25 percent of the funds through a competitive grant program. In addition, SEAs would retain an additional 3 percent of the State's allotment for administration of program under this part.

Local educational agency use of funds

Local educational agencies receiving funds under this part are required to use their funds for teacher inservice, and may use their funds for teacher recruitment activities, and for business partnerships. The teacher recruitment activities include programs where local educational agencies may recruit students currently enrolled in a school within the district to become teachers or early childhood education specialists.

The establishment of business partnerships is motivated by the recognition that there is an ongoing need for teachers to expand the range of expertise that they can offer to their students. Thus, the business partnership concept encourages schools to work with their local business community to bring new ideas into the classroom and to enable teachers to develop new skills and to hone existing skills in a practical setting through internship opportunities.

Local educational agencies may also use their funds for other purposes related to teacher quality, but the SEA must approve of such other uses.

State educational agency use of funds

State educational agencies are required to use funds to conduct an assessment of the teacher education programs in the State and of the State laws and regulations relating to such programs. When the assessment is completed, the State must then use the funds to implement the findings of the study. The SEA may use the funds to establish "State Academies for Teachers" and "State Academies for School Leaders". States may also use the funds for other pur-

poses consistent with the part, but the Secretary must approve activities that are not specifically allowed under the Act.

If an SEA decides to use funds to establish State Academies for Teachers, H.R. 3553 requires that such academies be established in one or more five core academic subjects (English, mathematics, science, history and geography) or in vocational and technology education. State educational agencies may make competitive grants to eligible entities which include local educational agencies and institutions of higher education.

Current research strongly supports the notion of linking professional development with a school site thereby creating an ongoing relationship between a university and a local district to ensure that the training activities take into account the district's curriculum and the school's priorities and instructional goals. It is the Committee's intention to encourage projects that emphasize the school being the locus for change and that encourage the school to use resources available in institutions of higher education, State education agencies and other activities to help and support them in these endeavors. It is the Committee's intention to lend strong support to models for State Academies for Teachers that are school-site focused.

The State may also establish a State Academy for School Leaders. In awarding grants for such an academy, H.R. 3553 specifies that the current Leadership in Educational Administration Development (LEAD) Centers be given a priority for receiving a grant.

Institutions of higher education use of funds

Institutions of higher education receive funds on a competitive basis, and may use their grant for four purposes: (1) to provide technical assistance and services for LEAs conducting inservice training programs; (2) improving teacher education programs; (3) integrating academic and vocational education in their teacher education programs; and (4) implementing the findings of the study that the State is required to conduct on teacher education.

For Part A, there are authorized to be appropriated \$400,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

Coordination with Neighborhood Schools Improvement Act

Funds under Part A of Title V are intended to support State reforms under the proposed H.R. 3320, the Neighborhood Schools Improvement Act. If H.R. 3320 and the provisions in this title are enacted into law, funds distributed to States, to local educational agencies, and to institutions of higher education should be coordinated with the purpose of that Act for participating States. Improvements in teacher education and staff development should focus on the content and skills stressed in the curriculum frameworks and assessments developed by States for elementary and secondary education. In order to assure that prospective and practicing teachers are prepared to teach the knowledge expected of students, States should coordinate policies in teacher licensing, teacher education and staff development with K-12 curriculum and assessment policies. States receiving funding under both Acts should

include in their State plans or applications provisions for addressing such coordination.

Part B, Teacher Scholarships and Fellowships

Paul Douglas Teacher Corps Scholarships

According to Richard J. Murnane of the Harvard Graduate School of Education, during the next ten years, schools in America will need to hire more than two million new teachers, which is a 35 percent increase over the number of teachers hired in the previous decade. The challenge for the U.S. education system will be to find able individuals to fill those teaching positions a time when there will be high demand in the job market for well-qualified college graduates. The Paul Douglas Scholarship program seeks to attract outstanding high school graduates into the teaching profession by providing scholarship assistance to students so that they may pursue a course of study that will lead to a teaching career. In exchange for receiving assistance, the recipient must agree to teach for two years for every one year of assistance received. This requirement is reduced to one year if the recipients teaches in a shortage area.

The program has been slightly modified from current law. Major amendments include renaming the program as the Paul Douglas Teacher Corps Scholarship program; distributing funds to States based on school-aged population (current law distributes funds based on general population); placing a priority on awarding scholarships to minority students, students with disabilities and others who are underrepresented in teaching; requiring that scholarship recipients from minority groups who teach in majority minority schools only have to teach one year for each year of assistance; selecting recipients from the top 15 percent of their graduating class (current law is the top 10 percent); and allowing a portion of the criteria for awarding scholarships may be waived for up to 25 percent of the recipients.

In keeping with the Committee's emphasis on increasing the number of women and underrepresented minorities in science and mathematics, the Paul Douglas Teacher Corps Scholarships program is amended to stress the importance of providing teacher training to women and underrepresented minorities who wish to pursue teaching careers in these fields.

The Committee also included language to ensure the participation of students with disabilities in the program. Under H.R. 3553, the State agency must provide assurances that it is making specific efforts to attract students with disabilities to participate in the Paul Douglas Teacher Corps Scholarships program. This will enable students with disabilities who are outstanding high school graduate to pursue teaching careers. Also, special education is mentioned as one of the fields of study that a Paul Douglas Scholar may pursue.

For the Paul Douglas program, there are authorized to be appropriated \$25,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

Christa McAuliffe Fellowship Program

The Christa McAuliffe Fellowship program is designed to encourage and reward excellence in teaching by enabling outstanding teachers to continue their education, upgrade their teaching skills or develop innovative programs.

The Secretary of Education is authorized to award one national teacher fellowship to a public or private school teacher in each congressional district. The fellowship award may not exceed the national average salary for teachers. Recipients of the awards are required to return to a teaching position in their current school district for at least two years following the fellowship award.

Recognizing the importance of partnerships with the business community and the schools and the new and ever changing technologies which will face the workforce of the 21st century, the Committee supports expansion of the use of awards to include these important activities.

The Committee is also cognizant of the need for dissemination of information on exemplary projects for improving education at the local, State, and national levels. Thus, H.R. 3553 requires the Secretary to establish a clearinghouse or otherwise provide for the collection and dissemination of information on exemplary projects. In order to facilitate the dissemination of information, the Committee has increased the amount of funds set aside for the Secretary to administer the program. This increase should be used solely for carrying out Section 537.

For the Christa McAuliffe program, there are authorized to be appropriated \$15,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

Part C, National Programs

Under Part C a series of programs are authorized that will be administered by the Secretary. They are as follows:

Subpart 1, National Mini Corps

The National Mini Corps program is modeled on the California Mini Corps program which is a statewide component of the Migrant Education program. The concept was initially developed in 1967 at Chico State University as a response to the recognition that there was an insufficient number of school staff who were sensitive to the background, culture and language of migrant students. The response involved the creation of a corps of young people who were former migrants with one or more years of college who would be sensitive to the needs of the migrant community and who could serve as liaisons by working with migrant children in the California core curriculum, in the migrant extended programs, and in providing services to the migrant community. The benefit of the program inured to both the corps members who received advisement and support with regard to their higher education efforts, and to the migrant children who not only received extra help with their schoolwork, but who had accessible role models that spoke volumes for the possibilities opened by education. In California, the Mini Corps participants have provided a clear link between migrant families and the school community.

In H.R. 3553, the concept has been expanded to include, not only outreach to the migrant community, but to all communities where outreach and the presence of role models and mentors might provide the critical link between the community and the local educational agency. Beyond establishing this partnership between communities and schools, the National Mini Corps program will enable college students participating in the TRIO program or students who are former migrants to receive advisement and training in order to provide instructional services in the relevant community. The program will serve as a stepping stone for students who are interested in the field of teaching by providing pre-teaching experience. The goals of the program are to provide direct, categorical services to children in communities in need and to develop a corps of professional educators sensitive to the needs of children and families of all backgrounds. The presence of role models and mentors in every community, and eventually in our teaching ranks, will benefit and enrich the education of all students.

For Subpart 1, there are authorized to be appropriated \$15,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

Subpart 2, National Teacher Board

The Committee has included H.R. 2697, the National Teacher Board legislation as introduced by Mr. Williams and Mr. Coleman. This legislation authorizes \$20 million for the research and development activities of the National Board for Professional Teaching Standards.

The Committee believes that the professionalism and status of teaching in our Nation's elementary and secondary schools must be improved. One important way to achieve this is through the development and promulgation of voluntary standards and assessments of advanced professional certification for elementary and secondary school teachers that are rigorous and unbiased and that recognize the diversity of American society. The Committee recognizes that the National Board for Professional Teaching Standards, a private nonprofit organization, has been created to establish such a voluntary certification system and that it is a wise investment of Federal research dollars to provide financial assistance, in the form of matching funds, for the vital and unique research and development activities of the National Board. Such high standards and state-of-the-art assessments for measuring those standards do not exist in the education field. Thus, the Board must undertake a massive research and development program to create this certification system.

The Federal funds provided to the Board must be matched 100 percent by the Board; thus, the Federal share of funded activities will be 50 percent. The Committee intends that Federal funds will be used only for the research and development activities necessary to create the National Board Certification system.

Specific language in the bill is included to insure that the research and development activities funded are of the highest quality and are under strict competition and accountability standards. Bill language requires that the grants made by the Board for the research and development work be done through open competition,

with merit review. Notice of grant competitions must be widely disseminated through the education research community, including the Federal Register if the Secretary deems it advisable. A 30-day comment period on draft requests for proposals (RFP) is required, before the issuance of the formal RFP competition. In keeping with the highest standards of research excellence, grants are to be issued to a wide range of institutions and individuals. In developing and advancing its research agenda under the terms of this legislation, the Board is required to consult twice annually with the Fund for the Improvement and Reform of Schools and Teaching Board. The Board is to give priority to research and development activities in mathematics, the sciences, foreign languages, and literacy, including the ability to read, write, and analyze. Further, the Board is to give priority to research and development activities for the certification of elementary and secondary school teachers with emphasis on the ability of such teachers to teach special educational populations, including limited English proficient children, gifted and talented children, children with disabilities, and economically and educationally disadvantaged children. The Board is required to submit an annual report to the appropriate committees of the Congress and to disseminate the report for review and comment to the Department of Education, the National Science Foundation, the National Research Council, and the education research community.

The Department has already entered into a grant agreement with the Board which satisfies the provisions of this authorization. The Committee expects the Department to continue to support the Board's efforts consistent with the provisions of this measure and as appropriations are made available.

For Subpart 2, there are authorized to be appropriated \$20,000,000 for the period beginning on October 1, 1992 and ending September 30, 1997.

Subpart 3, Partnerships for Innovative Teacher Education

The Committee has included an amended version of the Partnerships for Innovative Teacher Education proposal from the H.R. 2627, the Administration's higher education bill. This program is intended to stimulate the development of partnerships among institutions of higher education, public schools and business, in order to improve the quality of teaching and teacher education, improve the quality and effectiveness of educational research, and produce higher levels of learning among students, particularly among students most at risk of failure.

A number of individuals and organizations, including the American Federation of Teachers, the National Education Association, and the Holmes Group advocate a new kind of school that is dedicated to the improvement of educational outcomes for students through research and development and the improvement of teaching and teacher preparation. These schools have been called "Professional Development Schools" by the Holmes Group, "Professional Practice Schools" by AFT, and "Mastery in Learning Sites" by NEA. These schools are regular, K-12 public schools that have formed an enduring partnership with a university capable of mounting a powerful research and development agenda.

The subpart gives the Secretary of Education the authority to make awards to partnerships made up of at least one institution of higher education, at least one local educational agency, teachers and the business community. The State educational agency may be included as a partner. The awards shall be for the purpose of setting up "teaching schools" to train prospective and beginning teachers; provide continuing development of experienced teachers; conduct research and development to improve teaching and learning and the organization of schools; demonstrate exemplary learning programs for diverse students; and disseminate knowledge produced in the research and development process.

Awards under this subpart will be either one-year planning grants or implementation grants which are annually renewable without further competition for up to four years. In order to receive continued funding, a project will have to achieve its goals, show promise of continuing its progress, meet its share of the project costs and develop a plan for continuing the teaching school after Federal funding is no longer available.

Successful applications for the awards will include a description of the partnership's plan for systemic change in education. The application must contain assurances that a significant number of prospective and beginning teachers will be trained in the teaching school in each year of the project. Teaching school sites will be selected based on need, as determined by such measures as a high rate of teacher attrition and a high proportion of the students at risk of educational failure. Priority will be given to projects that demonstrate (1) strong commitment to or previous active support for educational innovation; (2) collaboration with other agencies, public and private; (3) a potential for significant impact on the quality of the future education work force and (4) the long-term feasibility of the partnership.

The Committee believes that reform of teacher preparation programs is an integral and connected part of education reform more generally. Teaching is deeply intellectual work, and low-grade teacher training must be transformed into high quality professional education for both college and school faculty. High-quality professional education will lead not only to teaching excellence but to career commitment, continuing analysis and reflection, and responsible innovation.

The Committee believes that partnerships that include State government will be more effective in producing lasting reforms. State regulations and funding mechanisms have a great influence on the kinds of reforms that universities and schools may implement. Thus, those who make, or have primary interest in, regulations and the funding mechanisms at the State level should have a stake in the overall reform effort. If they don't there is a risk that Federal dollars will support add-on programs, rather than stimulating reform of the system.

For Subpart 3, there are authorized to be appropriated \$20,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

Subpart 4, Teacher Opportunity Corps

Part C, Subpart 4 of Title V establishes a Teacher Opportunity Corps program to enable paraprofessionals working in shortage area schools serving disadvantaged students to become certified teachers through part-time and summer study. The Committee believes this program shows great potential because of the thousands of paraprofessionals, often minority group members, working in bilingual and special education classrooms as teachers' aides and teaching assistants, who are valuable pool of prospective teachers.

Similar programs currently operate successfully on a small scale in a few States. The Committee believes this program will provide the opportunity for other States to develop programs for paraprofessionals working in our urban and rural schools where teacher shortage are most profound.

These paraprofessionals cannot easily become certified to teach because they must work to support themselves and their families, because they have few sources of financial aid for part-time or summer study and because college and university, hard-pressed to meet the needs of their traditional teacher education students, do not have the additional resources to offer additional flexible part-time programs featuring late afternoon or evening and summer study accompanied by the counseling, child care and other support services that are needed.

Section 563 of the Subpart provides that grants are to be made to each State based on the State's Chapter 1 allocation. No State would receive a grant of less than \$500,000. The State educational agency or higher education agency will administer the program for the State. Section 565 authorizes the Secretary to make grants to the States to support programs at institutions of higher education. The States will then make subgrants to the institutions to carry out activities under the program.

Section 566 requires that the subgrant received by the institution of higher education must involve the local educational agency in shortage areas, and that any paraprofessional who receives student financial assistance must act as an educational professional or paraprofessional in a shortage area school for not less than one year for each full-time academic year or equivalent of assistance received.

The paraprofessional's obligation can be completed during a ten year period. States will monitor the compliance with the service obligation and establish a system for repayment of all or part of the student financial assistance received plus interest and reasonable collection costs (if any) in the event that a paraprofessional fails to comply with the service obligation.

The Committee believes these support services are necessary to help paraprofessionals who are working adults juggle family and work obligations with their educational endeavors if a career ladder to full professional status as teachers is to be achieved.

For Subpart 4, there are authorized to be appropriated \$50,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

Subpart 5, Teacher Job Bank Demonstration

The National Job Bank Study and Demonstration is motivated by the recognition that, although the evidence is unclear regarding whether or not there is an overall shortage of teachers, minority teachers, teachers with a particular expertise (e.g. math/science, bilingual, or special education) and teachers in certain geographic areas are certainly in short supply. An additional problem is the uneven allocation of teachers in shortage areas across the Nation.

The assumption underlying the teacher job bank concept is that if available teachers had a better awareness of teaching opportunities, some of the shortages might be addressed with our existing teaching force. This assumption will not hold true unless teachers have the career mobility to cross jurisdictional lines in terms of their license to teach. Thus, a key factor that must be addressed in the job bank study is how the various teacher certification and licensure requirements compare, and how teachers certified in one State can become certified in another. Another factor that may be examined is the issue of pension portability.

Although such information is crucial, nothing in Subpart 5 is intended to suggest that the entity or entities who contract with the Office of Educational Research and Improvement to establish a teacher job bank clearinghouse are required to reproduce a database of information regarding the certification and licensure requirements of each State and the procedures for assisting out-of-State teachers to meet State certification requirements. Several organizations have already produced such a database and an entity receiving funds under this subpart may determine that it is more efficient to contract with such an organization to provide the necessary licensing and certification information.

For Subpart 5, there are authorized to be appropriated \$2,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

Subpart 6, Midcareer Teacher Training for Nontraditional Students

The Midcareer Teacher Training for Nontraditional Students program encourages institutions to higher education with schools of education to establish and maintain programs that will provide teacher training to individuals moving into a career in education. Funds are provided for an initial planning grant for the first 2 years after selection. Institutions that can demonstrate success can renew the grant for 2 additional years. The Committee extends the program for five years.

In keeping with the Committee's emphasis on increasing the number of women and underrepresented minorities in science and mathematics, the Midcareer Teacher Training for Nontraditional Students program is amended to stress the importance of providing teacher training to women and underrepresented minorities who wish to pursue teaching careers in these fields.

The Committee has also amended this program to ensure that special education is included on this list of education-related fields of study and require that special education teachers are involved in the design and operation of the program.

For Subpart 6, there are authorized to be appropriated \$5,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

Subpart 7, Alternative Routes to Teacher Certification and Licensure

The Alternative Routes to Teacher Certification and Licensure program recognizes that a State's requirements for certification and licensure can be a tool for elevating the teaching profession by promoting the development of new expertise among practicing and prospective teachers. Thus, the purpose of the program is to improve the supply of well-qualified elementary and secondary school teachers by encouraging and assisting States through financial and technical assistance, to develop and implement programs for alternative routes to teacher certification and licensure. Discretion is left to the States to determine what form such a program will take. These programs will be required to place special emphasis on the participation of individuals who are members of minority groups.

The alternative routes program works hand-in-hand with the existing Mid-Career Teacher Training program. Both are directed at attracting professionals from other careers into the teaching profession, although the latter can be seen as somewhat supportive of the former. The Mid-Career program will enable individuals to take advantage of the alternate routes to certification and licensure that are developed and implemented by States using their one-time allotment.

For Subpart 7, there are authorized to be appropriated \$15,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

Subpart 8, Training for Teachers of Drug-Exposed Children

This program addresses the crisis faced by schools as thousands of perinatal drug-exposed children enter America's education system. Most teachers, it was discovered, do not have any formal training in methods of accommodating drug-exposed children. They report that information on the subject is insufficient or inaccessible. Pilot teacher training programs have successfully helped teachers address the needs of such children. Demonstration projects to rehabilitate drug-exposed children through early intervention have shown success rates as high as seventy percent.

The Committee believes that, with proper training, educators can effectively integrate these children into mainstream classrooms. Failing to provide such training, however, will result in a diminished quality of education for all students as teachers spend a disproportionate amount of time instructing drug-exposed children. The number of these children will increase, perhaps as high as sixty percent of all inner-city students by the year 2000, making the need for proper teacher-preparation more critical.

The goal of this amendment is to improve educators' skills and access to information regarding intervention strategies for drug-exposed children. This \$15 million authorization would provide grants to schools of education so that they may develop training programs for the students of education and educational personnel and it creates an information clearinghouse on the subject of drug-exposed

children. In awarding grants to schools of education, the Secretary of Education should understand that the inservice component (allowing educational personnel from surrounding areas to receive training) is equally as important as the preservice component.

For Subpart 8, there are authorized to be appropriated \$15,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

Subpart 9, Teacher Recruitment and Placement and

Subpart 10, Partnerships for Encouraging Minority Students to Become Teachers

One of the most perplexing and difficult problems facing American education—within the context of a need to attract and retain committed and gifted professionals to the teaching profession, generally, is the need to recruit minorities, especially African American and Hispanic males, into the classroom. The challenge we face, cast against a demographic backdrop in which 25 of the Nation's 26 largest school districts are not "majority-minority" and California's public school population is now fifty percent African, Hispanic, Asian, and Native American, is to dramatically increase the number of minorities entering the teaching profession.

In recognition of this critical challenge, the Committee adopted several amendments designed to enhance the ability of existing programs to address the minority teacher shortage problem. The Committee also initiated two new programs under Subparts 9 and 10 of this title which focus limited Federal resources on historically Black colleges and universities (HBCUs) and other institutions of higher education with demonstrated records of producing minority teachers. These amendments were based on H.R. 3364, which was introduced by Mr. Payne of New Jersey.

The program under Subpart 9 authorizes "matching" grants to institutions of higher education to enhance teacher preparation and placement of students as teachers in urban and rural school districts which are majority minority (HBCUs are to receive special consideration in the awards of these grants). Subpart 10 authorizes the establishment of minority teacher education partnerships, including consortia grants to institutions of higher education, which are designed to identify and encourage minority students in secondary schools to aspire to and prepare for careers in elementary and secondary school teaching. For Subpart 9, there are authorized to be appropriated \$20,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years; for Subpart 10, there are authorized to be appropriated \$20,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

The Committee believes that the initiatives contained in Subparts 9 and 10 are not only essential to overcoming the shortage of minority teachers, but to enhancing the instructional and interpersonal skills of majority teachers who provide instruction to minority students. Increasing multi-cultural understanding and pedagogical skills of all teachers will enhance minority student motivation, achievement and persistence to graduation. Providing minority teachers for all students represents an important step in strengthening America's teaching profession and enhancing America's

workforce development and productivity for the year 2000 and beyond.

TITLE VI—INTERNATIONAL EDUCATION

The international education programs of Title VI the Higher Education Act, along with the Fulbright-Hays Act, has been the primary response of the Federal Government to meeting the Nation's need for international expertise. Title VI programs were originally introduced as part of the National Defense Education Act of 1958, enacted at the high point of the Cold War. Federal investment in Title VI reached a peak in the late 1960's, resulting in a successful partnership between the government and U.S. higher education. Title VI funds played a key systemic role, inducing universities to create and support high-quality graduate training and research programs that produced well-trained specialists whose expertise spanned the globe. These foreign area experts who graduated from Title VI centers staffed government agencies, international organizations, and university centers; produced research that set new standards of quality and coverage; and trained a second generation of international experts to continue the effort. The strategic use of Title VI funds established a foundation of knowledge and expertise that was a primary source of the United States international competence during the Cold War period.

In order to expand and enhance the Nation's capacity in international studies and foreign languages, Title VI also was authorized over time to support cost effective programs at the undergraduate level; a foreign periodicals program; summer language institutes; and business and international education programs and centers. Other activities were added over the years through regulations or the Department of Education's grant proposal priorities. At a time of unprecedented global challenges, the Committee recognizes and reaffirms support for Title VI programs as vital to the national interest. The amendments contained in H.R. 3553 are designed to strengthen the capacity of Title VI programs to address better the Nation's current and future needs for international competence. H.R. 3553 amends Title VI throughout in order to refine the title further so that the Nation's need for international education is met. Amendments to the title are as follows.

Undergraduate area and language centers

The need for greater diversity is emphasized in the undergraduate centers and programs of Section 602(a)(1). As an increasing number of institutions seek to internationalize their curricula, student bodies, and faculties, excellence in international programs will come in greater variety. This is to be welcomed and encouraged. The U.S. needs a national network of diverse programs at two-year, four-year, private, State, historically Black, and other institutions of higher education to serve as models and resources for our more than 3,000 higher education institutions.

National resource centers linkages with institutions abroad

The list of national resource center activities in Section 602(a)(2) is amended to include the establishment of linkages with overseas

institutions which tie into the educational scope and objectives of Title VI. Formalized linkage agreements facilitate long term opportunities for research and experience-based learning in another country, such as internships, study abroad, and curriculum and faculty development, all essential ingredients for developing foreign language, area, and other international competence.

It should be noted that while resources are provided for university linkages with overseas universities under certain USIA and USAID programs, these resources are limited in amount and scope, with objectives that relate to the Federal agency's mission. The intention here is not to duplicate such programs, but to enable the Department of Education and the Title VI recipients to establish linkages which specifically tie into the educational scope and objectives of the Title VI mission. This is consistent with the purposes of Part A of Title VI.

National resource centers

With only modest funding levels, Title VI has created a small but competent system of centers producing specialized faculty, international research, and a corps of international experts. An additional grant program is authorized under Section 602(a) to encourage and enable the centers to engage in interactive linkage and outreach activities with a broad spectrum of professional schools, public and private agencies and institutions in the U.S. seeking to internationalize, or in need of international expertise.

International competence in many professional fields is becoming more and more interdisciplinary in nature. The Committee believes that the time is at hand to infuse this expertise into professional and technical fields in which it has often been absent in the past; in a parallel fashion, an understanding of the international dimension evolving in the professional fields should be infused into foreign language, area and international studies. The new language is intended to enable the Secretary to encourage this interactive linkage through grants to the national resource centers for the development of cooperative programs with professional schools and colleges.

The need for public outreach is also increasing as the international scene becomes more complex and unpredictable. The recent crisis in the Persian Gulf this year stimulated a surge in outreach activity by the Middle East Centers. A U.S. Department of Education survey revealed the large extent to which these centers were called upon to provide background information, language assistance, and other expertise to Federal, state, and local government agencies, private organizations, and all sectors of the media.

The Committee views these linkage and outreach functions as an increasingly important role for the centers; it is a role which is in the national interest, and for which additional funding will be needed to carry out effectively.

Foreign language and area studies

The requirement that Foreign Language and Area Studies (FLAS) fellowship recipients be engaged in a program of "competency-based language training" in Section 602(b)(1)(B) is revised to be "an instructional program with stated performance goals for

functional foreign language use". While the intention of current law is to ensure that FLAS recipients are engaged in a language program aimed at developing competency, the Secretary's reference in regulations to "establish national standards" is problematic for the less commonly taught languages (LCTLs). "Established national standards" limits the LCTLs to evaluation measures which exist for a handful of languages; these measures are still undergoing revision and are as yet inadequate for many LCTLs. A technical amendment to Title VI is designed to allow more flexibility for LCTLs to develop innovative approaches to their curriculum, based on performance goals appropriate to the demands of each language and culture, and unrestricted by a set of national standards as yet inappropriate to the language.

Second-Tier FLAS Program

The unfunded second-tier FLAS program in Section 602(b)(2) is replaced with a less administratively complex program. There has been much controversy over spending scarce FLAS funding on an administrative mechanism for a national competition that would be costly and potentially problematic. Since the need for fellowship assistance for advanced doctoral students is widely accepted, the concept of a second-tier FLAS is continued, but the administration is shifted to the national resource centers which currently administer the first tier FLAS and are more knowledgeable about students and their needs.

Language resource centers

The Language Resources Centers is amended to provide that the centers be national in scope and limited in number, with a broad array of activities required for each one. In light of the national language teaching crisis, this section and the modest funds available should be better focused. Language pedagogy is one of the few international studies fields where a selected few centers can create and disseminate materials of use throughout the nation and the world. National centers should serve as the locations where advanced research on language pedagogy, the development of desperately needed materials, and the training of scholars from throughout the country takes place.

Undergraduate programs

Section 604(a) undergraduate programs is redirected to provide "seed" funding for the creation of new programs or curricula in area studies, foreign languages, and other international fields. A 50 percent match is required to encourage these institutions to demonstrate a commitment to internationalization.

Undergraduate programs of demonstrated excellence

The unfunded Section 604(b) undergraduate programs is replaced with a new program which addresses the immediate challenges of internationalization at the undergraduate level. Congress designed the current subsection (b) to encourage an increase in language enrollments; this is no longer necessary as recent surveys completed by the Modern Language Association show an 8.5 percent increase in undergraduate language enrollments between 1980-1986. While

modest funding levels of Title VI cannot possibly address the needs of all U.S. graduate institutions, a strengthened Section 604 can provide start-up incentives through subsection (a) programs, and capacity-building grants to stabilize programs of demonstrated excellence, through subsection (b) programs.

Research and studies

Section 606 is amended to reflect the emerging challenges in foreign language, area studies, and other international fields. Growth and evolution in international education has occurred in recent years, but much needs to be accomplished, including an expansion in research and dissemination. The list of possible research studies is revised to include activities viewed as critical to the further development of foreign language, area studies, and other international fields.

For Part A programs, there are authorized to be appropriated \$100,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

Periodical and other research materials published outside of the United States

Section 607 of the Higher Education Act was enacted to assist academic and research libraries in acquiring, preserving and cataloging foreign language journals not widely available in the United States. The need for these types of materials has increased significantly as a result of fast-paced changes around the world, a business community reacting to the global marketplace, and a research community working across international boundaries. However, at the same time that demand is increasing, there has been increased production of all types of foreign language materials and an escalation in the cost of these materials. This has resulted in a decline in acquisitions of foreign materials which poses a long-term threat to research, development, and scholarship.

In light of the enormous need for and the growing costs of foreign language materials, the Committee has included several amendments designed to increase the acquisition of foreign language materials and to expand their dissemination to a wide range of researchers and scholars. First, the amendments make clear that grants under this section may be used to purchase materials other than periodicals, so long as the purchased materials are published outside of the United States and are not commonly held by American academic libraries. This is an essential change in light of the expanding range of foreign research materials that are available.

Second, the amendments change the criteria by which, grants will be judged in order to emphasize the ability of grant recipients to share their foreign research materials with a wide range of academic institutions and scholars. The new criteria also stresses the importance of the accessibility of a grant recipient's collections to the general public. Finally, the number of grants under this section is limited to 8 in order to permit effective coordination, economies of scale, and systemic collection building and preservation. The Committee believes that these changes will strengthen the research resources of the Nation and ensure that foreign acquisitions are

conducted by libraries with recognized expertise in the building and preservation of large collections of foreign materials.

F. Section 607, there is authorized to be appropriated \$8.5 million in fiscal year 1993, and such sums as are necessary for the four succeeding fiscal years.

Professional schools and colleges

Recognizing the Nation's need to internationalize its professions, the Committee has encouraged the development of a program that links foreign language, area and international studies with professional schools and colleges. This linkage is the defining mission of U.S. professional schools of international affairs. For over forty years these schools have been integrating professional training in such fields as business, management, public policy, and law with the study of languages, geographic regions and specialized disciplines. Thus, the Committee believes that these institutions deserve to be recognized as a category of schools that are making a contribution to the internationalization of the professions and should be assisted in their effort to serve as models and resources for programs that are seeking to internationalize.

Distribution of funds to undergraduate programs

The equitable distribution of funds section is amended to encourage the Secretary to enhance funding for the undergraduate programs in Section 604. While current Title VI funding is much too low to address the needs of over 3,000 U.S. undergraduate institutions, a greater proportion of new funds should be committed gradually to Section 604 in order to reach eventually a proportion of 20 percent of total funding for Part A. Section 604 is currently about 10 percent of total Part A funds. This is important from the standpoint of building a base upon which graduate and post-graduate foreign language, area, and other international expertise may develop. It is also critical for those students whose career will have an international dimension, such as in the technical and professional fields.

Part B, Business and International Education Programs

There is a technical amendment to Section 612(c)(1) regarding the programs and activities required of the centers for international business. The amendment ensures that intensive language programs are viewed as only one of a number of effective methods these centers can use to meet the foreign language needs of business.

Sections 612(c)(2) and 613(b) of the Business and international Education programs are amended to allow the establishment of linkages with overseas institutions which tie into the educational scope and objectives of Title VI. This authority is consistent with the purposes of Part B, as stated in Section 611(b). Formalized linkage agreements facilitate long-term opportunities for research and experience-based learning in another country, such as internships, study abroad, and curriculum and faculty development. These are essential ingredients for developing foreign language, area, and other international competence.

For the Centers for International Business Education, there are authorized to be appropriated \$10,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years. For the Education and Training programs, there are authorized to be appropriated \$7,500,000 for FY 1993 and such sums as may be necessary.

Part C, General Provisions

Preservation of pre-1992 programs

Part C is amended to ensure that the Secretary of Education does not fund new activities or programs at the expense of existing activities or programs. The modest funding history of Title VI and the inadequate support now provided to existing programs have been noted. At the same time, the Committee has included numerous additional activities and programs which we believe are necessary components for meeting the Nation's growing need for international expertise, and for promoting the internationalization of the wide spectrum of U.S. institutions of higher education. It is the Committee's intention that these new activities and programs be funded through new appropriations above the FY 1992 level.

Part D, Institute for International Public Policy

The Committee bill adopts a modified version of H.R. 3362, introduced by Representative Charles Hayes and Delegate Eleanor Holmes Norton, to authorize an Institute for Public Policy under Part D of Title VI. Part D includes a competitive grant program with a host institution leading a consortium of institutions of higher education, including historically Black colleges and universities, predominantly Black colleges, and other institutions with significant minority student enrollments, as well as several institutions with nationally recognized programs in foreign service/international relations education and training.

The consortium of institutions would represent a cooperative effort uniquely designed to achieve the stated objective—to increase the number of minorities entering the international career field. The Committee wished to emphasize that Federal funds appropriated to carry out this program will not result in any buildings being constructed or scientific equipment being purchased for the benefit of the consortium institutions. The consortium institutions should have a common interest in expanding career opportunities for African Americans, Asian Americans, Hispanic Americans and Native Americans in an area where they are grossly underrepresented.

For Part D, there are authorized to be appropriated \$15,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

TITLE VII—CONSTRUCTION, RECONSTRUCTION AND RENOVATION OF ACADEMIC FACILITIES

The programs authorized under Title VII contain the primary Federal provisions to assist institutions of higher education for the construction, reconstruction, and renovation of academic research

and instructional facilities and obtaining critical instrumentation and equipment.

The Committee recognize that the deterioration of our Nation's academic infrastructure poses a grave long term threat to the quality of American undergraduate and graduate education. Today, over \$60 billion is needed for unfunded capital projects at American universities. In setting forth revisions under this title, which are consistent with the original intent of the Higher Education Act, the Committee intends to induce the Congress and the Secretary of Education to assume a role in addressing this need.

The bill makes two major changes in the current structure of the programs. The bill revises Part A of the Act by changing the grant process, by requiring that grants be awarded directly to undergraduates institutions of higher education based upon a competitive peer review of applications, making it conform with the process established under Part B. The Committee believes that a competitive grant process will encourage the appropriations committees to fund the Part A program and will insure the most efficient distribution of funds available. The bill also consolidates Part C, loans for undergraduate housing and other facilities, and Part F, loans for graduate housing and other facilities into one program under Part C.

Finally, the bill eliminates the authority for sole source funding to specific colleges under part G.

The bill authorizes \$50 million for fiscal year 1993 and such sums thereafter through 1997 for each of Part A and Part B programs and authorizes \$100 million and \$25 million for fiscal year 1993 and such sums thereafter through 1997 for Parts C and D respectively.

The Capital Financing Act for Historically Black Colleges and Universities

H.R. 3553 includes H.R. 1503, introduced by Representative William Clay, which is designed to assist historically Black colleges and universities (HBCUs) to secure private capital for much needed institutional improvement and capital projects. The colleges and universities which will be served by this legislation are generally small in size and typically serve students from socially and economically disadvantaged backgrounds. These schools generally experience difficulty securing private capital.

The Secretary of Education is authorized to provide insurance on the bonds issued by a designated "bonding authority". The proceeds of these bonds will be loaned to qualified historically Black colleges and universities, thereby increasing the ability of these institutions of higher education to raise the money needed to pursue major capital projects. The Secretary is authorized to insure a maximum of \$500 million, of which not less than 70 percent shall be used for loans to "private" member institutions, and not less than 30 percent shall be used for loans to "public" member institutions.

Proceeds from the bonds be made available as loans to HBCUs to finance capital improvements in building and renovating classroom facilities, libraries, dormitories, and other facilities which will allow these institutions of higher education to fulfill their educational mission in the years ahead. This legislation also includes a

safeguard provision for the Federal Government requiring a reserve fund from which payments would be made on bonds in the case of any delinquency, thus limiting the risk to the government.

This program also serves the objective of facilitating access to the private credit sector. Low cost credit will be available to finance essential capital projects and enable HBCUs serving a great number of disadvantaged students to continue and expand upon their vital education mission.

Loan forgiveness for historically black colleges and universities

Title VI contains an amendment which establishes a discretionary "forgiveness" program for historically Black colleges and universities, as defined under Section 322(2) of the Higher Education Act, and tribally controlled community colleges as defined in Section 2(a)(4) of the Tribally Controlled Community College Assistance Act. These institutions may be granted loan forgiveness if they are current in their payments to the Department or have entered into a moratorium agreement with the Department; and their total indebtedness equals one-half of the operating budget of the institution and in the judgement of the Secretary the survival of the institution is threatened.

The amendment provides a reasonable yardstick for the Secretary to use in determining whether to provide relief to a small number of Black colleges and universities. Only two present HBCUs—according to data provided by the Department of Education—would qualify to apply for forgiveness (Wilberforce University in Ohio and Edward Waters College in Florida). Four others may qualify at a later date should their enrollment drop sharply or their annual budgets shrink.

TITLE VIII—COOPERATIVE EDUCATION

The Committee recognizes the important role of cooperative education in linking classroom curriculum with paid, productive and supervised work experience in a field related to a student's area of study. The Committee expands Title VIII of this Act to allow a significantly larger number of students to participate in the academic and career benefits that are provided by cooperative education. In order to expand cooperative education and increase its accessibility, the Committee has significantly increased the authorization for Title VIII to \$45 million for fiscal year 1993. The Committee believes this will lead to greater accessibility to this vital program.

The Committee recognizes that the high costs associated with the initial development of cooperative education programs has contributed to the difficulty experienced by institutions in establishing these programs without Federal assistance. The Committee has included provisions in Title VIII which emphasize the responsibilities of college to support the program after Federal funding ceases.

The Committee has divided the administrative award category into two sections, providing funding for both new and established programs. The larger portion of funds (53 percent) will be used as seed money for institutions which have not received Federal funding for the administration of a program in the last ten years. These

awards will enable institutions to develop or expand a cooperative education program.

Under H.R. 3553, 22 percent of the funds have been reserved for grants to established cooperative education programs. The Committee expects funding for established programs will be used to expand program quality and participation. In addition, the Committee expects institutions to use monies to actively recruit underrepresented and non-traditional students. It is the hope of the Committee that by providing funding to those institutions which have already demonstrated their commitment to a successful cooperative education program, they will work to develop new models for outreach and program strength.

In addition, the continuation of funding for Demonstration, Training and Research awards will support the Federal goal of developing strong models of cooperative education. The research component will provide data on the impact of cooperative education programs on student retention, the practical application of academic learning, career preparedness and job performance.

The Committee expects that all agencies in the Federal Government will work to enhance and expand the involvement of Federal agencies in utilizing cooperative education students.

For Title VIII, there are authorized to be appropriated \$45,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

Women and minorities in mathematics and science

In keeping with the Committee's emphasis on increasing the number of women and underrepresented minorities in science and mathematics, the Cooperative Education program is amended to encourage model cooperative education in the fields of science and mathematics for women and minorities who are underrepresented in these fields.

TITLE IX—GRADUATE EDUCATION

H.R. 3553 substantially improves the Title IX graduate programs by expending support for U.S. citizens to earn doctoral degrees, strengthening incentives for students from groups underrepresented in graduate and professional programs to pursue postbaccalaureate education, and providing the Department of Education with the means to administer these programs effectively. These changes will enhance the quality and diversity of college and university faculty and will expand individual opportunity.

The financial support provided by Title IX fellowships and traineeships in strengthened in two ways. First, stipends will be set at a level comparable to those provided by the National Science Foundation, consistent with financial need. second, the institutional allowance provided in lieu of student payment of tuition and fees is increased and provided with an annual inflation adjustment in ensuing years. Departmental administration is simplified by standardizing stipends and institutional allowances of all Title IX fellowship and traineeship programs.

Part A, Grants to Institutions to Encourage Women and Minority Participation in Graduate Education

Support for students from groups underrepresented in graduate and professional education is strengthened in several ways. Title IX, Part A, Grants to Institutions to Encourage Minority Participation in Graduate Education, expands its minority undergraduate research internship program to include women in fields in which they are underrepresented. The Secretary is directed to collect information on student interns, allowing graduate programs seeking to increase their graduate enrollments of minorities and women to recruit from this pool of students.

For Part A, there are authorized to be appropriated \$50,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

Part B, Postbaccalaureate Opportunity and Harris Fellowship Programs

The Patricia Roberts Harris Graduate Fellowships program is divided into two components, one supporting doctoral study, and the other supporting master's and professional study. This division permits the two programs to be tailored to the differing needs of the different postbaccalaureate programs. Doctoral support is improved by providing a year of dissertation support contingent upon satisfactory progress, providing an incentive to reduce time-to-degree and reducing attrition by filling a critical gap in doctoral support. The Harris doctoral program also includes a university matching requirement of two years of non-Federal financial support, including a year of supervised teaching experience.

Support for master's and professional study through the Harris program is funded at a level equal to that provided for the Harris doctoral program and is focused on programs leading to careers in which women and minorities are underrepresented.

For Subpart 1 of Part B, there are authorized to be appropriated \$50,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years. For Subpart 2 of Part B, there are authorized to be appropriated \$50,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

Part C, Jacob K. Javits Fellowships

The Javits Fellowship program authorizes the Secretary to award fellowships for graduate study in the arts, humanities, and social sciences to students of demonstrated achievement and exceptional promise. Fellowships are awarded for one academic year and are renewable for a period not to exceed four years of study. H.R. 3553 increases the maximum number of fellowships to be awarded from 450 to 600. The amount of the Javits Fellowship stipend to students is set at a level comparable to that of the National Science Foundation Graduate Fellowship, except that the stipend shall not exceed the student's level of need. The bill provides for institutional payments of \$10,000 which is increased from the current law payment of \$6,000.

For Part C, there are authorized to be appropriated \$50,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

Part D, Graduate Assistance in Areas of National Need

Part D is continued under H.R. 3553 with minor changes. The program, established by the Congress in the 1986 amendments to the Higher Education Act, was created to help the Nation increase its supply of U.S. citizens who pursue doctorate degrees in areas of critical national need.

Specifically, the program, as amended, awards three-year grants on a competitive basis to high quality graduate departments to provide the necessary resources for these departments to increase the number of students educated in their doctoral programs. Talented students, selected by those departments, receive need-based scholarship support at a level comparable to that provided by the National Science Foundation fellowships and institutions receive a per student payment in lieu of tuition and fees of \$10,000 in the first year of the authorization and indexed to inflation in subsequent years to offset the cost of tuition and to support activities designed to enhance program quality through activities such as research support, acquisition of library resources and preparation of academic papers. Academic departments must match grants with a 25 percent contribution.

This program is designed to address a problem with which the Committee is quite concerned our educational system's ability to produce the people and the knowledge this Nation needs to maintain and sharpen its competitive edge. Despite the fact that the U.S. has the largest and most advanced higher education system in the world, our technological superiority is in jeopardy because our research and development workforce is increasingly being sustained by foreign nationals. Some alarming statistics bear this out: In 1972, 80 percent of physical science doctorates awarded by U.S. universities went to U.S. citizens; by 1988, that percentage had dropped to less than 65 percent. In engineering, the percentage of PhDs earned by U.S. citizens dropped from 67 percent in 1972 to 46 percent in 1988.

Testimony received by the Committee reveals that this program is positively influencing U.S. students to pursue PhDs in areas of critical need. Dr. Peter May, Chairman of the Mathematics Department at the University of Chicago, reported that in academic year 1988-89, while only 43 percent of the PhDs granted by U.S. universities went to U.S. citizens, 56 percent of students in the PhD pipeline were U.S. citizens. Dr. May attributed this progress in large measure to the increased opportunities for U.S. doctoral candidates made possible by the National Need Program.

The Committee is pleased with the progressively increased funding the program has received in each of the five years since it has been authorized: \$7.7 million in FY 1988; \$12.8 million in FY 1989; \$15.8 million in FY 1990; and \$24.9 million in FY 1992. These appropriations, totaling over \$60 million, have enabled well over 350 new and continuing institutional grants to award approximately 4,000 student fellowships. The FY 1992 appropriation of \$28 million is expected to enable grants to approximately 150 institutional de-

partments enabling up to 1,800 students to receive fellowships in academic year 1992-93.

The Committee urges the Department of Education to encourage proposals which include components to enrich the undergraduate students as well. For example, undergraduates who are taught by National Need fellows might serve as mentors for high school students under the supervision of their graduate student teachers.

For Part D, there are authorized to be appropriated \$50,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

Administration of title IX

The administration of Title IX programs is improved by standardizing the provisions of the separate programs and providing an "excepted hire" authority to appoint program administrators with the requisite educational background to administer the Title IX programs in an effective manner compatible with academic practices.

Women and minorities in mathematics and science

In keeping with the Committee's emphasis on increasing the number of women and underrepresented minorities in science and mathematics, some Title IX graduate education programs are amended to stress the importance of encouraging graduate study by women and minorities who are underrepresented in these fields.

Part E, Assistance for Training in the Legal Profession

Part E of Title IX of the Higher Education Act of 1965 has been re-titled and amended to recognize the long-standing role of the Council on Legal Education Opportunity (CLEO) in administering the program and to specify activities contemplated in administering the grant.

Under the amended Part E, the Secretary shall carry out a program to assist low-income and educationally disadvantaged minority and other college graduates to pursue successfully a law degree and service in the legal profession, through an annual grant contract with CLEO.

Since 1968, when the program began, only 170,000 of the Nation's lawyers were members of minority groups. Today, that figure has risen to approximately 4.5 million and continues to rise as the number of minorities entering law school increases. Minorities now make up 14 percent of the law school student body nationally, up from 12.6 percent last year.

Since its inception, the program has been administered by CLEO, which has, to date, provided the opportunity for over 5,000 students to attend law school. Its success is attributable in large part to its unique makeup as a cooperative effort of the Nation's legal organizations and law schools. The American Bar Association, the Association of American Law Schools, the Law School Admission Council, the Hispanic National Bar Association, the National Bar Association and the National Asian-Pacific American Association work together with over 100 participating law schools to conduct the CLEO Regional Summer Institutes.

Section 951(b) sets out the authorized activities to be carried out by CLEO under the Act. These provisions include (1) assistance and counseling in gaining admission to accredited law schools; (2) conducting an intensive six-week summer program to prepare prospective, qualified law students for successful law study; and (3) providing a range of services to support and assist eligible participants upon entering law school and throughout their period of study at law school, until successful completion of their studies.

Section 951(c) delineates the contemplated use of funds by CLEO under the grant or contract on a biennial basis. The listed authorized costs include: (1) publicizing the existence and availability of the program; (2) selection of eligible participants; (3) assisting acceptance of participants into law school; (4) selection of participating law schools; (5) evaluation of program results under Section 951(b); (6) providing pre-law training; (7) paying stipends; and (8) paying administrative costs of the institutions or organizations.

For Part E, there are authorized to be appropriated \$5,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

Part F, Law School Clinical Experience Programs

The Law School Clinical Experience programs is reauthorized for five years and is amended to allow the Secretary to make grants to law schools in order to continue law school clinical programs. Current law only allows the Secretary to make grants to establish and expand such programs. In the program's earlier years, it was appropriate to restrict funding to new or expanded programs. Now that clinical legal education is more developed, law schools should not be expected to constantly add new or expand existing programs.

For Part F, there are authorized to be appropriated \$10,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

Part G, Grants to Institutions to Encourage Minorities to Enter the Higher Education Professorate

The Committee has become increasingly aware of the critical impact that minorities in the higher education professorate have on the academic achievement and persistence of minorities in higher education. Positive action is needed to not only increase faculty diversity, but to enhance the possibility for increased minority retention and graduation from America's colleges and universities. Moreover, colleges and universities are forced to compete with business and industry over the limited number of persons trained at the doctoral level.

Part G, Grants to Institutions to Encourage Minorities to Enter the Higher Education Professorate, is based on H.R. 7189, introduced by Mr. Owens of New York. Part G would establish a program of "matching" Federal grants to provide fellowships to minority professors with less than a doctoral degree, and to minority baccalaureate degree recipients who wish to enter the higher education professorate. Faculty Development Fellowship recipients must teach at the collegiate level for one year for each year of fellowship assistance received, thus ensuring that their knowledge and experi-

ence will enable them to educate and to act as mentors to young students who, with encouragement, may follow in their careers in academics.

Fellowships will be targeted to "underrepresented" minorities. (i.e. African Americans, Asian Americans, Hispanic Americans or Latinos, and Native Americans, who are not proportionately represented among PhD level faculty at colleges and universities). In addition to the \$10,000 Federal fellowships, institutions will waive tuition, provide a minimum stipend of \$2,000 and a research or teaching assistantship or financial aid other than loans to ensure that the student has sufficient resources to remain in school. Funding for the cash stipend must come from non-Federal and non-institutional sources, thus ensuring that the institution is maximizing both the Federal and the institutional funding. Grants may be made by the Secretary to institutions of higher education, consortia of such institutions, and non-profit organizations representing such institutions. There is \$25 million authorized for fiscal year 1993 and such sums for the four succeeding fiscal years.

Faculty Development Fellowships represent the last link in the chain of Federal programs designed to assure "access" and "success," as well as equal opportunity in higher education for low income and minority students. Engaging the institutions, the private sector, and the Federal Government in a cooperative effort is, based on the Committee's experience, the best way to proceed. Not only will it provide this access, but it will halt an impending shortage of professors in our Nation's colleges and universities before it reaches crisis proportions.

TITLE X--POSTSECONDARY IMPROVEMENT PROGRAMS

Part A, Fund for the Improvement of Postsecondary Education and Part C, Special Projects in Areas of National Need

In reauthorizing Part A, the Committee reiterates its previous support for the basic design and the operations of the Fund for the Improvement of Postsecondary Education (FIPSE).

The Committee's reauthorization proposal amends the existing title to make more explicit several aspects of FIPSE's authorization and provide to the appropriations committees a framework and an opportunity to target effectively new funding for FIPSE.

First, the Committee proposes an amendment to authorize the Secretary to make 50 or more small planning grants to institutions of higher education in the context of the Fund's existing programs. These grants would supplement the Fund's current portfolio of much larger and much harder-to-get-grants. The grants will assist the Fund in encouraging consensus building, through discussion, and planning that generate the most successful campus reforms.

The Committee's proposed amendment to Part C provides for concentrating a critical mass of support on selected national problems of particular urgency or significance. The very popularity of the program in many quarters of the higher education community has obliged FIPSE to spread its limited resources somewhat thinly across a wide range of issues and topics, and considerations of equity argue for continuing this funding pattern. The new Part C

affords the appropriations committees a vehicle to target new funds on particularly important problems and opportunities.

Three areas of national need are specified in Section 1061. First, in light of the national need for a globally aware population, and in view of the relatively low rate of participation by U.S. students in existing study abroad programs, it is vitally important to support new approaches for international student and faculty exchange at the postsecondary level by means of demonstration projects and applied research. The Fund has already demonstrated that it is capable of this kind of work, in playing a leading role, over the past year, in the development of student exchange projects with the European Community.

Second, a growing student diversity along with distressing cases of antagonism across group lines and an increase in drop-out rates associated with student alienation from campus cultures indicates a need for grants to make campus climates more conducive to learning by all students. The Fund is in a position, by virtue of its experience in administering the Department's Postsecondary Drug and Alcohol Abuse Prevention Programs, to support a critical mass of demonstration projects on ways to influence and promote serious academic enterprise and eliminate the distractions posed by racial and other inter-group antagonisms.

The third area of national need has a different status than the other two. The Committee recognizes the need for the dissemination of successful innovative models among the Nation's more than 3,000 colleges and universities. Expanded dissemination of successful projects is critical if FIPSE is to promote improvements in postsecondary education.

The Committee is also aware of and strongly endorses a joint project by FIPSE, the National Endowment for the Humanities, and the National Science Foundation to fund exemplary general education proposals which integrate the humanities and the sciences.

For Part A, except for Section 1001(b), there are authorized to be appropriated \$20,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years. For Section 1001(b), there are authorized to be appropriated \$1,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years. For Part C, there are authorized to be appropriated \$5 million for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

Part B, Minority Science and Engineering Improvement Programs

In keeping with the Committee's emphasis on increasing the numbers of women and underrepresented minorities in science and mathematics, the Minority Science and Engineering Improvement Programs are amended to stress the importance of increasing the participation of minority women in addition to underrepresented ethnic minorities in efforts to improve science and engineering education. For Part B, there are authorized to be appropriated \$10,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

Part D, Women and Minorities Science and Engineering Outreach Demonstration Programs

The Committee recognizes the increasing importance of early identification of female and minority elementary and secondary students with interest and proclivity in science and mathematics and the need for special programs designed to encourage them to participate in undergraduate and graduate science and engineering in preparation for careers in those areas. The Committee was impressed by testimony it received describing the comprehensive women and minority science and engineering outreach program underway at the Illinois Institute of Technology (IIT).

Grants will be provided to institutions which demonstrate their ability to conduct outreach to female and minority students at the elementary and secondary level, particularly through the use of distance learning technology. The Committee believes that this program, combined with the efforts of the historically Black colleges and universities and other ongoing programs will touch a much larger population of women and minority students with aptitude in science and engineering.

For Part C, there are authorized to be appropriated \$25,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

TITLE XI—STUDENT COMMUNITY SERVICE

The Committee has created a new Title XI, Student Community Service, which incorporates into one title all of the various programs regarding student community service in higher education. These programs are all authorized through fiscal year 1997.

Part A, Higher Education Innovative Projects For Community Service

Part A of the new Title XI comes from Section 118 of the National and Community Service Act of 1990. The Higher Education Innovative Projects for Community Service provides grants to institutions of higher education to encourage students to participate in community service activities while in attendance at such institutions. The Federal share of the cost of such programs shall not exceed 50 percent. For Part A, there are authorized to be appropriated \$15,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

Part B, Student Literacy Corps and Student Mentoring Corps

The Committee has moved the current law Title I Student Literacy Corps program to Title XI and has added a Student Mentoring Corps component. Hearings held by this Committee have indicated that our Nation's students frequently need more individual attention, tutoring, and adult guidance than schools and, in many cases, than their families are able to provide. Programs in which college students act as tutors and mentors to at-risk elementary, middle and high school students can provide the individual support and attention—as well as academic tutoring—that these children need to succeed.

Under the program, funds are provided to institutions of higher education to establish programs and to pay stipends to student coordinators. Institutions of higher education are required to locate tutoring services in one or more public community agencies which serve educationally or economically disadvantaged individuals and individuals with disabilities. Priority in providing tutoring services is given to educationally disadvantaged students, students with disabilities, and illiterate parents of educationally and economically disadvantaged elementary school students.

The Committee has included a Mentoring Corps component because of the great need to provide such services to disadvantaged elementary and secondary students. This provision was modeled on a program at Brown University. In response to statistics that 48 percent of high school youth in Providence, Rhode Island, drop out before graduation, Brown University's Mentoring Program began pairing university students with third graders.

The Mentoring Corps component provides financial assistance to institutions of higher education to promote the development of such a corps. Academic courses, including a fieldwork component where students work directly with youth, will be created to train students to be mentors. Courses should require at least a year's commitment to the mentoring program and include ongoing training in such topics as adolescent development, drug abuse, tutoring, and cultural issues.

Mentoring programs, including those run by community-based organizations, public schools, and higher education institutions, will vary according to community needs and resources. Those programs in which college students serve should include staff to recruit, screen and train mentors and monitor relationships; office space and support for maintaining communication between the participants and the community; and resources for group and individual activities.

For Part B, there are authorized to be appropriated \$15,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

Part C, Innovative Projects for Community Service and Student Financial Independence

The Committee has moved the current Part C of Title X program, Innovative Projects for Community Services and Student Financial Independence, into Part C of new Title XI. This program supports projects at institutions of higher education to encourage student participation in community service projects in exchange for educational services or financial assistance. The Committee intends for the program to continue to be administered by the Director of FIPSE. For Part C, there are authorized to be appropriated \$5,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

Part D, Community Service Learning

The Committee has consolidated three community service learning programs formerly under the Work-Study provisions in Title IV and moved this program to Title XI. Funds for the program come from the reallocated funds under Section 442(e) of the Act.

The Committee heard from witnesses during the hearing process that the Community Service Learning programs under Title IV were too many in number and too complex. Under current law, there are three separate programs with different funding formulas and requirements. The consolidation into one program is less complex administratively and encourages greater participation by colleges and universities. The Committee believes that this approach will ensure that community service learning programs become an integral education at the campus level and that students have adequate opportunities to work in community service learning jobs.

Part E, Grants for Sexual Offenses Education

Section 1171 of the bill establishes a competitive grant program for sexual offenses education and prevention programs. The Committee is concerned about sexual offenses that are being committed on campus and believe that sexual offense prevention and education programs may make substantial inroads on the incidence of sexual offenses. For Part E, there are authorized to be appropriated \$20,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

TITLE XII—GENERAL PROVISIONS

Definitions

Section 1201 makes changes to the definition of institution of higher education to conform with the changes in Title IV. This section also conforms definitions in the Higher Education Act to definitions under the Elementary and Secondary Education Act.

Disclosure of foreign gifts and foreign ownership

Section 1203 contains a requirement that institutions of higher education publicly disclose information concerning gifts from foreign sources and foreign ownership or control.

In response to growing concern about the influence of foreign entities over our colleges and universities, Congress enacted public disclosure requirements during the 1986 reauthorization of the Higher Education Act. These provisions required institutions of higher education to disclose large foreign gifts, the sources of such gifts, and any conditions associated with the gifts. Unfortunately, the disclosure requirements contained a sunset provision, and they were inadvertently allowed to expire on August 1, 1989, with being extended.

The committee believes that the need for public disclosure of large gifts from foreign entities continues to be strong. In the past, foreign entities have sought to place unacceptable conditions on the operation of some universities. In some cases, this involved efforts to control teaching positions or the content of courses. In other cases, foreign entities sought to obtain the full use of the results of research which was subsidized in part by taxpayer funds. These efforts threatened academic freedom of our campuses and undermined our Nation's ability to compete in the world marketplace.

However, after the disclosure requirements were enacted by Congress, complaints of this nature were significantly reduced. The

Committee believes that the disclosure requirements had a preventive effect in limiting questionable arrangements between our universities and foreign entities.

The disclosure requirements operated successfully from 1987 through 1989, and the Secretary of Education issued regular reports on foreign gifts during that period. There were no complaints from the universities of the Department of Education about the requirements. Moreover, most universities were completely unaware of the 1989 repeal of these reporting requirements, and have continued to file disclosure reports with the Secretary of Education. The Secretary has also continued to compile disclosure reports well after the expiration of the statute.

Given the enormous benefits of disclosure, and the proven ability of institutions of higher education and the Department of Education to implement disclosure requirements without shouldering an undue burden, the Committee believes that the disclosure requirements should be extended through the lengthen of the authorization of these Amendments.

Concerns have also been brought to the Committee's attention regarding the potential deleterious effects of foreign ownership or control of U.S. institutions of higher education. The Committee believes that it is appropriate at this time to gather information on such foreign ownership or control.

Except for the addition of information about foreign ownership or control, the requirements contained in Section 1203 are identical to those in effect from 1987 to 1989. They mandate that institutions of higher education provide the Secretary of Education with information concerning foreign ownership or control or foreign grants, contracts, or gifts that exceed \$250,000 in value, the sources of these gifts, and any conditions which may have been placed upon these gifts. These requirements are in no way intended to limit the ability of institutions of higher education to enter into arrangements with foreign entities. Rather, they simply call for public disclosure of large gifts from foreign sources and disclosure of foreign control or ownership of an institution of higher education. In instances where substantially similar reports have been filed with States or other Federal agencies, a copy of the similar report may be submitted to the Secretary of Education.

TITLE XIII—INDIAN PROVISIONS

Part A, Reauthorization of the Tribally Controlled Community Colleges Act and the Navajo Community College Act.

The Committee has extended all provisions of these Acts, including the Basic Grants, Economic Development Institutes, and other authorities for five years. No other amendments or actions are taken with respect to these Acts. The Committee's purpose in reauthorizing these statutes at this time is to bring them into the same schedule for reauthorization as other Higher Education programs.

Part B, Tribal Grant Authority

The Committee has incorporated into its measure the text of H.R. 2009, introduced by Mr. Richardson of New Mexico. This Part

2009, introduced by Mr. Richardson of New Mexico. This Part authorizes a new mechanism for tribal administration of the existing scholarship program funded under the Snyder Act of 1921 and implemented currently through contracts under the Self Determination and Education Assistance Act of 1975, P.L. 93-638. This has proven to be a very cumbersome process, maximizing paperwork and annual applications. Limiting tribal discretion, and causing delays in the distribution of funds and funding documents. Some of these delays have actually led to students being forced to withdraw from school or being denied enrollment at the beginning of a term.

The provision in the measure is patterned after the Tribal Schools Grants authority in Title V of P.L. 100-297 and authorizes tribes, at their discretion, to operate these programs under a grant, to be administered by the Office of Indian Education Programs within the B.I.A. All current provisions relating to need analysis, recipient selection, and program eligibility are retained. The Committee wishes to stress that this is not a new authority. Funds continue to be authorized, and will be appropriated and distributed, pursuant to the current provisions of the Snyder Act and applicable appropriations measures.

Part C, Tribal Service Requirement for Economic and Human Development

The Committee has incorporated into its measure the text of H.R. 2821, introduced by Mr. Richardson of New Mexico. This is not a new authority. It is an authorization for tribes to place, at their discretion, conditions upon the receipt for higher education scholarship funds received under the Snyder Act of 1921 through the Bureau of Indian Affairs.

The placing of a service requirement upon receipt of funds by Indian students for Higher Education, particularly in academic areas tribes deem vital to economic and human development on their reservations, has been proposed by various tribes and organizations since 1977. However, the proposals have not been pursued in the past, largely because of B.I.A.'s insistence that all such funds be conditioned or that the B.I.A. make the determination both as to which areas should be covered and what would be deemed satisfactory progress in these areas. In fact, the B.I.A. went so far as to propose, in 1982, such a limitation as a modification to the regulations, but withdrew the proposal under tribal opposition and after a determination that it did not have the authority to impose such a restriction.

The Committee's proposal allows tribes (not the B.I.A.) to designate certain training areas as critical to their development and make their B.I.A. student assistance grants in these areas "contingent loans". Funds would continue to flow under the same conditions and formula under which the tribe now receives them. Students who train in these areas would receive priority in their applications and certain needs not covered in the current need analysis computation could be factored in for costs to provide more adequate support and greater incentives. However, after receiving the applicable degree, the student would have to work for the tribe or another entity benefiting the tribal constituents for a stipulated period or repay the loan (the money remaining with the tribe for

reallocation). There are provisions for suspension in the absence of a position or for other prearranged reasons. This is similar to what the Indian Health Service does now with its program, to get Indian health professionals back to the reservations.

The Committee stresses that it is the tribe, not the B.I.A., that is to make the decision as to the areas to be covered. The Committee fully expects that different tribes will designate different areas, and while this may cause some bureaucratic concerns, this is, after all, a clear corollary of self-determination.

Part D, Santa Fe Arts Institute Amendments

The Committee has incorporated into its measure the text of H.R. 3456, introduced by Mr. Kildee, of Michigan, and Mr. Young, of Alaska, who are on the Board of Trustees for the Institute.

In 1986, in response to Bureau of Indian Affairs actions to close the Institute or severely curtail its operation, the Committee transferred the Institute, its programs and its property to a newly established majority Indian Board of Trustees. The new Institute has flourished, in student population, programs and stature. Its student population has doubled, with admissions now essentially limited only by the space available. New programs have been instituted, accreditation received and degrees upgraded. Finally, the Institute's place in the Indian and non-Indian Arts World has been recognized.

The Committee has worked with the Board on these amendments. While they are basically technical in nature, their main thrust is to remove some of the limitations originally placed in the legislation as guidance before the Board of Trustees acquired experience and expertise. They should be interpreted in such a fashion as to maximize the authority and discretion of the board. They also include certain provisions, such as those dealing with salaries, to allow the Institute to remain competitive with its peers.

Part E, Tribal Development Student Assistance Revolving Loan Program

The Committee has incorporated into its measure the text of H.R. 3455, introduced by Mr. Kildee of Michigan. The concept for the measure originated with the Mississippi band of Choctaw Indians. This tribe has identified approximately 300 individuals who were originally funded through tribal higher education grant funds and who have partially completed their higher education programs. As the tribe pointed out, these individuals constitute a potential pool of human talent, which could be of great use to the tribe or their communities, if they can be identified and encouraged to complete their course of study. Many of these individuals dropped out for other than academic reasons, and many could finish and, possibly, proceed to post-graduate work, if the problems which led to their original withdrawal could be remediated. In some cases, it will be a matter of encouragement and counseling. In some cases, it may be an instance where a specific service must be provided, such as child care, transportation or the care of an aged parent.

The Committee has included this new authority for a program of "bridging" grants, to be administered by tribes through funds appropriated to the Bureau of Indian Affairs. The authority would

fund 5 model projects to identify individuals who have completed part of their postsecondary work, but had to drop-out, and encourage them to return to finish their degree by providing funding and support services. Students would have to fully utilize other resources before they could receive assistance, but the other assistance would not be diminished by the support received under this program. These grants would be for multi-year periods, and the authority includes certain caveats on application consideration.

In order to maximize the amount of benefits derived by tribes from this authority, and to ensure a commitment on the part of the participants, the funds received by students under this program, or expended for specific services on their behalf, would be in the nature of a contingent loan. Portions of the amount would be "forgiven" for service to the tribe and its constituents. If funds are repaid, they would be deposited in a separate revolving account, the principal and interest of which would remain available to defray further activities under this Part. In this manner, the Committee hopes to encourage either tribal or community service or ensure that resources remain available to the specific tribe.

TITLE XIV—MISCELLANEOUS

Part A, Studies

Section 1401, Data on Nontraditional Students

Title XIV of H.R. 3553 contains requirements that the Department of Education conduct numerous studies on issues relating to postsecondary education. In general, the Committee found that there has been a tremendous lack of data on student participation and Federal student assistance. This has been an impediment to the Committee in making decisions during the reauthorization process.

Specifically, the Committee found that there has been a serious lack of data regarding nontraditional students. Thus Section 1401 of H.R. 3553 directs the Secretary of Education to conduct a two-year study assessing postsecondary education accessibility to the nontraditional student. In addition, the Committee intends the Secretary to recommend how to develop and maintain an effective data base in order to obtain an annual total of the number of nontraditional students, the number of students who work and attend school, the participation rate of nontraditional students in postsecondary education, and the unmet costs of postsecondary education for nontraditional students. This provision was taken from H.R. 1342, introduced by Representative Steve Gunderson.

Section 1402, Study of Federal Benefit Coordination

The Committee also believes that better coordination is necessary between student financial assistance and other Federal benefits, including unemployment compensation policies. It is the Committee's desire to ensure that those on unemployment or other Federal benefit programs are not penalized by a loss of benefits if they decide to upgrade their academic or work skills by attending a postsecondary institution simultaneous with their receipt of such benefits. Clarifying this intent should encourage those who are em-

ployed to further their education and to upgrade their skills so that they can return to the workforce and continue to be productive, taxpaying citizens.

In addition, the Committee believes it is in the best interest of all parties to have clearly defined objectives and procedures to ensure proper coordination of Federal benefit programs, so as to avoid duplication of effort while maximizing complementary policy goals. This would promote more efficient use of Federal funds, streamline operational procedures in the delivery of such funds, and provide improved service to Federal benefit recipients.

Section 1402 H.R. 3553 requires the Secretary to conduct a study to evaluate the coordination of other Federal programs with Title IV Federal assistance programs, focusing on initial eligibility determination and maintenance of continued eligibility, with specific attention to the impact of the receipt of Title IV program funds on students' eligibility to receive benefits from other programs, funded in whole or in part with Federal funds. Further, the Committee believes that the cost of attendance items should be examined to determine if room or board expenses should be included or permitted on a case-by-case basis.

Section 1403, National Survey of Factors Associated with Participation

The Committee is especially concerned about the lack of data on at-risk students. Section 1403 of H.R. 3553 directs the Secretary, through the National Center for Educational Statistics, to conduct a biennial survey of factors associated with the participation of at-risk students in postsecondary education programs. The Committee intends that the at-risk student populations surveyed include students from low-income families, disadvantaged backgrounds, non-English language backgrounds as well as minority students including African Americans, Native Americans, Native Hawaiians, Hispanic Americans and Asian Americans.

The Committee intends the Secretary to report to Congress on the results of this survey and to submit a plan to Congress of necessary policy changes and program modifications to ensure increased participation for at-risk students. The Committee intends the Secretary to indicate modifications at the Department of Education to increase information, training and other services necessary to increase the participation of at-risk students.

H.R. 3553 further instructs the Secretary to allocate adequate funds to implement an educational supplement to the Panel Study on Income Dynamics (PSID) survey. The PSID is a continuing study that has gathered information for 25 years from a representative national sample on the dynamics of family economic well-being and demographic structure. The Committee notes that in 1990, a representative subsample of Hispanics was added to the existing core sample.

The Committee believes that, although much has been learned about the dynamics of poverty, welfare, and unemployment as a result of PSID, relatively little information is collected on education. The Committee intends the PSID to gather and inform policy analysis on child care, education, learning in the workplace and in the classroom, and other education and training issues in the con-

text of information on families and neighborhoods and to make evaluations of the long term implications for employment and families. The Committee notes that the Secretary's National Household Education Survey is already demonstrating the importance of cross-sectional household-based data for addressing key education issues. The Committee believes that use of an existing longitudinal household based panel study with a record of strong interagency support and significant findings will complement other data collection by the department.

The Committee puts a high priority on increasing the interagency linkage and where appropriate the integration of data collection on human resources issues of common concern to more than one agency. This increases the usefulness of the data and provides it on a more cost-effective basis. Further, the Committee recognizes that adding questions on education to the PSID at this time is likely to establish a series of "baseline" data that will be helpful to the Secretary and the Committee in assessing a variety of education issues.

H.R. 3553 authorizes \$900,000 for fiscal year 1993 and such sums for the succeeding four fiscal years for the PSID study. Of the funds authorized for this section, the Committee expects the Secretary to allocate at least \$300,000 for continuation of the Hispanic subsample.

Section 1404, Evaluation of Assistance Guaranty Programs

Section 1404 requires the Secretary of Education, through the Office of Educational Research and Improvement, to evaluate the effectiveness of programs for disadvantaged elementary and secondary school students that offer such students guarantees for postsecondary education if they complete their studies and graduate from high school. The Committee intends the Secretary to study a sample of these programs to determine the success or failure of such programs in increasing the access and entry of disadvantaged students into postsecondary education, to determine what makes these programs successful, and to identify what responsibilities the sponsors must provide to the program. This study must be completed by June 30, 1995. In addition, Section 1404 requires the Secretary of Education to disseminate the findings of this study through appropriate agencies and organizations including associations of businesses.

The Committee notes that many of these programs are based on the "I Have A Dream" college scholarship program which encourages private businesses to sponsor elementary and secondary disadvantaged youth by guaranteeing the payment of college tuition in exchange for the completion of a satisfactory elementary and secondary education. While some of these programs may be working very well in a few communities, it is the Committee's intent that this study and its dissemination to the private sector will increase the private sector's awareness of these successful programs thereby encouraging more businesses to become involved in providing college opportunities to disadvantaged youth. This provision was drawn from H.R. 2943, introduced by Representative Cass Balenger.

Section 1405, Information on Graduate Education

This Nation is facing a shortage of highly trained scientists and engineers, a deterioration of an infrastructure that supports graduate research and training, and a loss of a highly trained professional work force in areas of critical national importance. The Committee is also concerned about the ever-increasing time it takes for individuals to receive their PhDs and the effect this has on enticing our best young minds to contemplate PhDs. In order to maintain modest growth in research and development activities in all disciplines, the Committee believes it is essential that we produce an appropriate supply of PhDs to conduct those endeavors. The best way to accomplish this goal is to assess our current graduate education structure, find the gaps, and define the solutions.

H.R. 3553 requires the Department of Education to conduct a study that will assess the total amount of Federal, state, private, foundation, and institutional fellowships, assistantships, loans, or any other forms of financial assistance to all graduate students, including both American and foreign students; and how these amounts are distributed by race, by sex, to nontraditional students, and to individuals with disabilities. The Committee intends for the study to assess the average length of time it takes to complete a PhD and the impact this has on the production of American PhDs.

In addition, the Department's study will determine the number of graduate students, cross-referenced by race, sex, and national origin, part-time, full-time, independent versus dependent status, and individuals with disabilities who enrolled and completed all requirements for the degrees: master of arts, master of science, master in business administration, doctor of philosophy, doctor of education, juris doctor, medical doctor, doctor in veterinary medicine, and doctor of dental science.

Section 1406, Study on the Center for International Education's Staffing Requirements

While the Committee's amendments to Title VI of the Higher Education Act are intended to strengthen and update the legislation to underscore the increasing importance of the Nation's needs for internationalization, the new activities and programs will create greater demands on the Department of Education's staff. The Committee notes with concern an historic decline in the number of staff administering Title VI programs. In requesting the General Accounting Office (GAO) to conduct a study of the staffing requirements for the Center on International Education (CIE), the Committee intends that the study review, among other factors, (1) the structure, functioning, number and expertise of staff, and technology requirements of CIE; (2) the coordination among Title VI programs to promote their interlinked nature; and (3) the communications interface of CIE with the user community. The Committee also anticipates the GAO's recommendations for any needed changes in these and any other factors to insure that both existing and new programs are administered to achieve the legislation's objectives at a high level of quality.

Section 1407, Environmental Hazards in Postsecondary Institutions

This provision authorizes a study of environmental hazards in college and university facilities. A great deal is known about these hazards in elementary and secondary schools. In fact, several statutes are in place to ensure that schools respond to these hazards. The Asbestos Hazard Emergency Response Act requires inspections for asbestos and development of asbestos management plans. The Lead Contamination and Control Act requires States to assist schools in detecting and eliminating elevated lead levels from school drinking water. The Indoor Radon Abatement Act requires the Environmental Protection Agency to conduct a national survey to determine the extent to which schools contain elevated levels of radon gas.

No national studies have been performed at the postsecondary education level to develop a clear picture of the extent to which these substances pose a threat to the health and safety of college students and employees.

Radon is the second leading cause of lung cancer; asbestos can result in several types of cancer including mesothelioma; and lead has been implicated in a broad range of adverse health effects including high blood pressure. While young children are more susceptible to adverse health effects from these hazards, all three can affect adults. Maintenance workers, in particular, may be at risk because their work may routinely cause them to disturb asbestos, resulting in their inhaling large quantities of fibers. In addition, since radon concentrates in basement levels and rooms without adequate air circulation, and since boiler rooms and other maintenance areas are located in such areas, again, such employees may be at risk.

This provision, therefore, requires the Secretary, in conjunction with the Environmental Protection Agency, to conduct a study to determine the extent to which these hazards are present in higher education facilities, and to report back to Congress with the results and any recommendations for additional actions.

In order to conduct the study, there are authorized to be appropriated \$3,000,000 for FY 1993.

Section 1408, Study of Civilian Education Training Programs

The National Academy of Sciences' Commission on Behavioral and Social Sciences and Education, in consultation with the Secretary of Education, will conduct a study on the air transportation industry and the education of airline pilots and other aviation management personnel. The over-arching focus of this study is to meet projected shortages of qualified personnel in the air transportation industry in the year 2000 and beyond.

The study will also include a thorough investigation of recruitment, aviation training outside the military context, financial and other incentives and disincentives which affect the flow of people, and especially minorities and women, into the industry. Some specific concerns to be addressed will include (1) the avenues for civilians to enter the aviation industry, (2) the characteristics of current training and the match with skill requirements in the work-

place, and (3) the impediments and incentives for minorities and women to enter the aviation industry (e.g., lack of role models, costs of schooling and flight time, institutional barriers, and the under-utilization of historically Black colleges and universities in the educational training process).

The Committee intends that the National Academy of Sciences' Commission on Behavioral and Social Sciences and Education will also include representatives of historically Black colleges and universities, the Organization of Black Airline Pilots, and the Tuskegee Airmen, Inc. as members of the advisory committee.

The Academy should use the expertise available in the historically Black colleges and universities, and in the event that additional education training sites are necessary, then historically Black colleges and universities should be utilized for that purpose in keeping with Presidential Order #12677.

It has been cited that there is a severely reduced role of the military as a source of supply of trained pilots and mechanics and other personnel for commercial aviation; that approximately 50 percent of the 52,000 commercial pilots currently flying will retire by the year 2000 and that an additional 8,000 to 10,000 pilots will be needed by then; and that there is a significant underrepresentation of minorities and women currently working in the aviation industry—African Americans constitute less than 1 percent of pilots with the Nation's scheduled air carriers.

The National Academy of Sciences Commission on Behavioral and Social Sciences and Education will submit an interim report of its deliberations, conclusions, and recommendations to the Secretary and the Congress within one year after the date of enactment of this Act. The final report shall be submitted to the House Committee on Education and Labor and the Senate Labor and Human Resources Committee two years after the date of enactment of this Act.

Section 1409, Amendment to General Education Provisions Act

The Committee bill also includes a provision to amend one of the requirements of the General Education Provisions Act (GEPA), which protects a student's and his or her family's interests in the privacy and accuracy of education records about the student. Since the enactment of GEPA, Congress included language in the law allowing colleges and universities to distinguish campus law enforcement records from education records. However, the statutory language defining law enforcement records and education records has made it difficult for schools to make the distinction and oddly have placed schools in the unfortunate position of appearing to use the current law to cover up campus crime. The amendment will clarify the definition of "education records" and distinguish that "criminal records" are separated from education records. Hence, choices about release or non-release of campus law enforcement records can appropriately be made in light of local law and policy.

Section 1410, Training and Technical Assistance for School-Based Decisionmakers Demonstration Program

The Demonstration Program for Training and Technical Assistance for School-Based Decisionmakers recognized the trend toward restructuring of school district decisionmaking down to the school level. The program is designed to utilize the expertise of institutions of higher education in partnership with the restructuring school district and to assist in marshalling other resources which will demonstrate promising methods of improving school-based decisionmaking. While a number of school districts are incrementally implementing a variety of school reforms including decisionmaking restructuring, the Committee took particular note of the challenges presented within the Chicago Public Schools in implementing such restructuring in more than 600 school sites simultaneously. The principal, the teachers, and the community have been molded together into an executive/management team and have been called upon to make decisions on essential matters such as curriculum, instructional delivery, and budgeting. The program authorizes assistance to such school-based decisionmakers.

The Committee encourages large scale system-wide reform and restructuring initiatives. Legislation already reported by the Committee will provide flexible support for selected local educational agencies in every State to implement system-wide reform. The School-Based Decisionmakers Demonstration Program complements the Committee's initiatives in elementary and secondary education by drawing upon the resources of higher education and others to assist in the implementation of system-wide school governance restructuring.

For this section, there is authorized to be appropriated \$1,000,000 for FY 1993 and such sums as may be necessary for fiscal years 1994 and 1995.

Part B, National Clearinghouse for Postsecondary Education Materials

Part B creates a National Clearinghouse on Postsecondary Education Materials for the purpose of coordinating the production and distribution of educational materials in an accessible form, especially audio and digital text production, to a college or university-based print-handicapped population.

The Secretary of Education is required to award a competitive three year grant to establish this clearinghouse which will catalog postsecondary education materials in a computer-readable form, identify college campus-based services that produce tapes that are eligible for inclusion in the clearinghouse, promote data conversion and programming to allow the electronic exchange of bibliographic information between existing systems, encourage outreach efforts that will educate print-disabled individuals, educators, schools and agencies about the clearinghouse, coordinate with existing data bases that currently contain postsecondary education materials and develop national guidelines and standards for the production of audio and digital text materials.

This clearinghouse is authorized at \$1 million in FY 1993 and such sums in FY 1994 and FY 1995, with the Federal share not ex-

ceeding 80 percent in the first year, 60 percent in the second year, and 50 percent in the third year.

The Committee expects that this national clearinghouse will have the capacity to inform students and higher education institutions about the availability of textbooks on tape. The Committee is aware of the difficulties students have in finding specific textbooks on tape and receiving them in time to enroll in the class. It is the Committee's intent that this clearinghouse will remedy that problem and serve as a one stop information center for locating specific textbooks on tape.

For Part B, there are authorized to be appropriated \$1,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

Part C, National Center for the Workplace

The Committee has authorized a National Center for the Workplace. The creation of this National Center addresses the new programs created by the convergence of broad economic, social, cultural, political, and technological changes in the workplace. Experts from America's best institutions of higher education and experts from the public and private sectors will conduct interdisciplinary workplace studies, share information, and propose remedies and make information and technical assistance available in a form readily accessible to non-academic public and private sectors.

The need for such a center has attested to by the National Association of Manufacturers, the AFL-CIO, the U.S. Department of Labor, and representatives of the leading American universities which focus on problems of the workplace.

The Secretary of Labor will administer the Center through grant or contract with a consortium of institutions of higher education in the United States, each member of which grants graduate degrees in the field of industrial and labor relations and conducts nationally recognized research in that field, and which will be represented and coordinated by a host institution of higher education.

The Center will coordinate and fund the activities of its member-institutions for collaborative collection and evaluation of data as well as evaluation of the economic and social implications of national and international workplace and employment issues. It will provide its collective expertise to policy officials in the Federal and state governments and representatives of private and public sector organizations through periodic policy briefings and meetings, publications, special reports, video conferences, electronic mail and computer networks, to share up-to-date information on workplace and employment issues, practices and innovations, the most promising options, and guidance in management of the change process.

The Center will also assist colleges, universities, and other educational institutions in developing programs, curricula, and instructional materials designed to impart the knowledge and skills required to promote innovations in the design of work and employment conditions that enhance organizational performance and meet worker needs, and will fund fellowships to encourage study in this field.

Finally, the Center will construct and administer a national repository of information on key workplace issues that can be readily accessed by the public and private sector.

A Board of Advisors, consisting of representatives of the private and public sectors and of the member-institutions of the consortium, will meet from time to time to review and advise the Center with respect to all aspects of its program. The Board will submit an annual report to the Secretary of Education and the Secretary of Labor on the Center's activities and accomplishments.

For Part C, there is authorized to be appropriated for fiscal year 1993 \$2,500,000 which may remain available until expended to carry out the purposes of this part, and such sums as may be necessary for each of the four succeeding fiscal years.

CONGRESSIONAL BUDGET OFFICE ESTIMATE

In compliance with clause 2(1)(3)(C) of rule XI of the Rules of the House of Representatives, the estimate prepared by the Congressional Budget Office pursuant to Section 403 of the Congressional Budget Act of 1974, submitted prior to the filing of this report, is set forth as follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, November 15, 1991.

Hon. WILLIAM FORD,
Chairman, Committee on Education and Labor,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 3553, the Higher Education Amendments of 1992, as ordered reported by the Committee on Education and Labor on October 23, 1991. Because of time constraints, CBO is not able to include the usual descriptive material in its estimate.

The bill would affect direct spending and thus would be subject to pay-as-you-go procedures under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985. The table below shows the pay-as-you-go effects of the bill. We have also enclosed the estimate required by clause 8 of House Rule XXI.

[By fiscal years, in millions of dollars]

	1992	1993	1994	1995
Change in outlays	15	2,931	13,315	15,340
Change in receipts	(1) ¹	(1) ¹	(1) ¹	(1) ¹

¹ Not applicable.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

ROBERT F. HALE
(For Robert D. Reischauer).

Enclosure.

H.R. 3553, THE HIGHER EDUCATION AMENDMENTS OF 1992 AS ORDERED REPORTED BY THE HOUSE
EDUCATION AND LABOR COMMITTEE ON OCT. 23, 1991

[By fiscal years, in millions of dollars]

	1992	1993	1994	1995	1996
DIRECT SPENDING					
Pell Grant Program:					
Estimated budget authority		12,591	14,472	16,028	17,438
Estimated outlays		2,518	12,715	14,746	16,279
Honor awards:					
Estimated budget authority		25	45	65	90
Estimated outlays		5	29	49	70
Guaranteed Student Loan Program:					
Estimated budget authority	15	480	400	215	-1,415
Estimated outlays	15	295	425	270	-460
Federal Direct Loan Program:					
Estimated budget authority			70	270	1,495
Estimated outlays			30	160	830
Food stamp benefits for students:					
Estimated budget authority		25	25	25	25
Estimated outlays		25	25	25	25
Mandatory expenditures on Federal default reduction activities:					
Estimated budget authority		25	25	25	25
Estimated outlays		20	25	25	25
College housing loan forgiveness:					
Estimated budget authority		(¹)	(¹)	(¹)	(¹)
Estimated outlays		(¹)	(¹)	(¹)	(¹)
Offsetting receipts, Department of Education:					
Estimated budget authority		68	66	65	63
Estimated outlays		68	66	65	63
Total direct spending:					
Estimated budget authority	15	13,214	15,103	16,693	17,721
Estimated outlays	15	2,931	13,315	15,340	16,832
AUTHORIZATIONS OF APPROPRIATIONS					
Title I:					
Urban community service		25	26	27	28
Urban and rural college, university, and school partnership		25	26	27	28
Articulation agreements		50	52	54	56
Defense Manufacturing Engineering Act		25	26	27	28
Access to education for all Americans through telecommunications		10	10	11	11
Subtotal:					
Estimated authorizations		135	140	146	151
Estimated outlays		16	109	137	145
Title II:					
College library technology and cooperation grants		25	26	27	28
Library training, research, and development		25	26	27	28
Improving access to research libraries		25	26	27	28
Strengthening library programs in historically black colleges and universities		25	26	27	28
Subtotal:					
Estimated authorizations		100	104	108	112
Estimated outlays		40	79	105	109
Title III:					
Strengthening institutions		150	156	162	158
Institutional aid		150	156	162	168
Historically black colleges, post-graduate schools		20	21	22	22
Endowment challenge grants		60	62	65	67

**H.R. 3553, THE HIGHER EDUCATION AMENDMENTS OF 1992 AS ORDERED REPORTED BY THE HOUSE
EDUCATION AND LABOR COMMITTEE ON OCT. 23, 1991—Continued**

[By fiscal years, in millions of dollars]

	1992	1993	1994	1995	1996
Subtotal:					
Estimated authorizations		380	394	410	425
Estimated outlays		46	306	386	408
Title IV:					
Supplemental education opportunity grants	700	727	754	783	
State student incentives	125	130	135	140	
Special programs for disadvantaged students (TRIO)	750	779	808	839	
National liberty scholarships	250	260	269	280	
Model program grants	70	73	75	78	
Dissemination activities	20	21	22	22	
Technical assistance to teachers and counselors	70	73	75	78	
National Student Savings Demonstration Program	10	10	11	11	
Public information	20	21	22	22	
Congressional achievement scholarships	170	177	183	190	
High School Equivalency Program	15	16	16	17	
College Assistance Program	5	5	5	6	
Byrd Scholarship Program	10	10	11	11	
Child care services	10	10	11	11	
Work study	900	934	970	1,007	
Work college	10	10	11	11	
Perkins loans, capital contribution	300	311	323	336	
Perkins loans, loan cancellation			8	8	
Financial aid officer training	5	5	5	6	
State approving agencies	198	218	236	238	
Program administration—loan servicing		1	5	25	
Program administration—other requirements of the Department of Education	40	42	43	45	
Subtotal:					
Estimated authorizations		3,678	3,831	3,999	4,163
Estimated outlays		654	3,424	3,812	4,026
Title V:					
Teacher excellence	400	415	431	447	
Paul Douglas teacher scholarships	25	26	27	28	
Christa McAuliffe scholarships	15	16	16	17	
National Mini-Corps	15	16	16	17	
National Board for Professional Teaching	4	4	4	5	
Innovative teacher education	20	21	22	22	
Teacher Opportunity Corps	50	52	54	56	
National Job Bank	2	2	2	2	
Midcareer teacher training	5	5	5	6	
Alternative routes to teacher certification	15				
Teacher training for drug-exposed children	15	16	16	17	
Recruitment and Placement	20	21	22	22	
Encourage minority students to teach	20	21	22	22	
Subtotal:					
Estimated authorizations		606	613	637	661
Estimated outlays		73	486	603	635
Title VI:					
International and foreign language studies	109	113	117	121	
Business and international education	18	18	19	20	
Institute for International Public Policy	15	16	16	17	
Subtotal:					
Estimated authorization		141	146	152	158
Estimated outlays		17	113	143	151

H.R. 3553, THE HIGHER EDUCATION AMENDMENTS OF 1992 AS ORDERED REPORTED BY THE HOUSE EDUCATION AND LABOR COMMITTEE ON OCT. 23, 1991—Continued

(By fiscal years, in millions of dollars)

	1992	1993	1994	1995	1996
Title VII:					
Grants for construction of undergraduate facilities.....	50	52	54	56	56
Grant for construction of graduate facilities.....	50	52	54	56	56
College housing and academic facilities loans.....	100	104	108	112	112
Interest subsidy grants.....	25	26	27	28	28
Historically black college capital financing.....	535				
Advisory board.....	(*)	(*)	(*)	(*)	(*)
Subtotal:					
Estimated authorizations.....	760	234	243	252	252
Estimated outlays.....	666	167	227	245	245
Title VIII:					
Cooperative education.....	45	47	49	50	50
Subtotal:					
Estimated authorizations.....	45	47	49	50	50
Estimated outlays.....	5	36	46	48	48
Title IX:					
Program administration.....	7	2	2	2	2
Women and minority participation.....	25	26	27	28	28
Postbaccalaureate fellowships.....	50	52	54	56	56
Patricia R. Harris fellowships.....	50	52	54	56	56
Jacob Javits Fellowship Program.....	50	52	54	56	56
Graduate assistance in areas of national need.....	50	52	54	56	56
Training in the legal profession.....	10	10	10	10	10
Law school clinical experience.....	10	10	11	11	11
Grants to minority students to enter professorate.....	25	26	27	28	28
Subtotal:					
Estimated authorizations.....	272	282	293	304	304
Estimated outlays.....	34	219	276	292	292
Title X:					
Funds for the improvement of postsecondary education.....	20	21	22	22	22
Planning grants.....	1	1	1	1	1
Minority science and engineering improvement.....	10	10	11	11	11
Special projects.....	5	5	5	6	6
Women and minorities science and engineering outreach.....	25	26	27	28	28
Subtotal:					
Estimated authorizations.....	61	63	66	68	68
Estimated outlays.....	7	49	62	66	66
Title XI:					
Innovative projects for community service.....	15	16	16	17	17
Student literacy corps and student mentoring corps.....	15	16	16	17	17
Innovative projects for community services and student financial independence.....	5	5	5	6	6
Campus sexual offenses education.....	20	21	22	22	22
Subtotal:					
Estimated authorizations.....	55	57	59	62	62
Estimated outlays.....	7	44	56	59	59
Title XIII:					
Tribally controlled community colleges.....	30	31	32	34	34
Technical assistance.....	3	3	3	3	3
Renovation and construction grants.....	10	10	11	11	11
Endowment grants.....	5	5	5	5	5
Economic development grants.....	2	2	2	2	2

H.R. 3553, THE HIGHER EDUCATION AMENDMENTS OF 1992 AS ORDERED REPORTED BY THE HOUSE EDUCATION AND LABOR COMMITTEE ON OCT. 23, 1991—Continued

(By fiscal years, in millions of dollars)

	1992	1993	1994	1995	1996
Navajo Community College construction grants		2	2	2	2
Tribal development student assistance revolving loan fund.....		2	2	2	2
Subtotal:					
Estimated authorizations.....		54	56	58	61
Estimated outlays.....		10	43	55	58
Title XIV:					
Study on increasing the assessability for nontraditional students	(²)				
Study of Federal benefit coordination.....	(²)	(²)			
Biennial national survey of factors associated with participation in postsecondary education of at-risk students	10			11	
Study of assistance guaranty programs.....	(²)	(²)	(²)	(²)	
Study of graduate education.....	(²)				
Study of staffing requirement for the Center for International Education.....	(²)				
Study of environmental hazards in higher education institutions	3				
Study of civilian education programs.....	(²)				
Training for school-based decisionmakers.....	1	1	1		
National clearinghouse for postsecondary education materials.....	1	1	1		
National Center for the Workplace.....	3	3	3	3	
Subtotal:					
Estimated authorizations.....	19	5	16	3	
Estimated outlays.....	14	7	13	6	
Total authorizations of appropriations:					
Estimated authorizations.....	6,305	5,973	6,234	6,469	
Estimated outlays.....	1,589	5,082	5,916	6,248	
Bill total:					
Estimated budget authority/authorizations	15	19,519	21,076	22,927	21,190
Estimated outlays.....	15	4,520	18,397	21,256	21,080

¹ The bill gives the Secretary of Education the discretion to cancel the outstanding college housing and facilities loans of Historically Black Colleges and Tribally Controlled Colleges that meet specific criteria relating to the current repayment status, the level of outstanding debt, and the current operating budget. It would cost approximately \$5 million to cancel the debt of the two schools currently known to meet the criteria.

² Less than \$500,000.

Note.—Totals may not add due to rounding.

CONGRESSIONAL BUDGET OFFICE ESTIMATE ¹

The applicable cost estimate of this Act for all purposes of sections 252 and 253 of the Balanced Budget and Emergency Deficit Control Act of 1985 shall be as follows:

(By fiscal years, in millions of dollars)

	1992	1993	1994	1995
Change in outlays	15	2,931	13,315	15,340
Change in receipts	(¹)	(¹)	(¹)	(¹)

¹ Not applicable.

¹ An estimate of H.R. 3553, the Higher Education Amendments of 1992, as ordered reported by the House Education and Labor Committee on October 23, 1991.

COMMITTEE ESTIMATE

With reference to the statement required by clause 7(a)(1) of Rule XIII of the Rules of the House of Representatives, the Committee accepts the estimate prepared by the Congressional Budget Office.

INFLATIONARY IMPACT STATEMENT

Pursuant to clause 2(1)(4) of rule XI of the Rules of the House of Representatives, the Committee estimates that the enactment of H.R. 3553 will have no inflationary impact on prices and costs in the operation of the national economy. It is the judgment of the Committee that the inflationary impact of this legislation as a component of the Federal budget is negligible.

OVERSIGHT FINDINGS OF THE COMMITTEE

With reference to clause 2(1)(3)(A) of rule XI of the Rules of the House of Representatives, the Committee's oversight findings are set forth in the body of this report. No additional oversight findings are applicable at this time.

OVERSIGHT FINDINGS AND RECOMMENDATIONS OF THE COMMITTEE ON GOVERNMENT OPERATIONS

In compliance with clause 2(1)(3)(D) of rule XI of the Rules of the House of Representatives, no findings or recommendations by the Committee on Government Operations were submitted to the Committee with reference to the subject matter specifically addressed in H.R. 3553.

SECTION-BY-SECTION ANALYSIS

Section 1—gives the short title of the Act as Higher Education Amendments of 1992; states that references to "the Act" refer to the Higher Education Act of 1965; and gives the general effective date as October 1, 1992.

TITLE I—PARTNERSHIPS FOR EDUCATIONAL EXCELLENCE

Section 101—amends the title to read as follows:

Section 100—establishes the authorization levels for Parts A, B, D, E and F. For Part A, Urban Community Service, there are authorized to be appropriated \$25,000,000 for FY 1993 and such sums for the four succeeding fiscal years; for Part B, Urban and Rural College, University and School Partnerships, there are authorized to be appropriated \$25,000,000 for FY 1993 and such sums for the four succeeding fiscal years; for Part D, Articulation Agreements, there are authorized to be appropriated \$50,000,000 for FY 1993 and such sums for the four succeeding fiscal years; for Part E, Manufacturing Engineering Education, there are authorized to be appropriated \$25,000,000 for FY 1993 and such sums for the four succeeding fiscal years; and for Part F, Access and Equity to Education for All Americans Through Telecommunications, there are authorized to be appropriated \$10,000,000 for FY 1993 and such sums for four succeeding fiscal years.

Part A—Urban Community Service

Section 101—states the purpose of the part as providing incentives to institutions of higher education to work together with their communities to devise solutions to the problems of the community.

Section 102—requires institutions desiring to receive a grant to submit an application to the Secretary which contains a plan agreed to by a consortium consisting of a 4-year institution and an urban school system, a local government, a private business or a non-profit institution.

Section 103—allows funds to be used to support planning, applied research, training, resources exchanges or technology transfers, delivery of services, or other activities which implement programs to assist urban communities.

Part B—Urban and Rural College, University, and School Partnerships

Section 121—states the purpose of this part as encouraging partnerships between urban or rural institutions of higher education and secondary schools serving low-income and disadvantaged students to support programs that assist in improving the retention and graduation rates of such schools, improve the academic skills of students and increase the students' opportunity for higher education and productive employment.

Section 122—requires an institution of higher education to enter into a written partnership agreement with a local educational agency. The agreement may include business, labor, professional associations, community-based organizations or other public/private agencies or organizations.

Section 123—provides a preference for grants to programs 1) serving predominantly low income neighborhoods, 2) which run all year long, and 3) which serve educationally disadvantaged students, potential dropouts, pregnant, adolescent and teen-aged parents, and children of migratory workers.

Requires maintenance of effort among local educational agencies and institutions of higher education.

Section 124—requires partnerships desiring to receive a grant to submit an application to the Secretary which, among other items, includes assurances that federal funds will provide 70% of the costs in the first year, 60% of the costs in the second year, and 50% of the costs in the third and subsequent years. Also requires local educational agencies and institutions of higher education to use the federal funds to supplement, and not supplant, funds from other sources.

Part C—Administrative Provisions for Parts A and B

Section 131—requires the Secretary to designate a peer review panel to review the applications under Parts A and B.

Section 132—allows grants under Part A to be made on a multi-year basis; requires grants be distributed on a geographically equitable basis; and requires that applicants match $\frac{1}{4}$ of the Federal funds.

Section 133—authorizes the Secretary to establish a national network among urban and rural institutions and allows the Secretary to set aside 5% (not to exceed \$500,000) for this purpose.

Section 134—contains the definitions for Parts A and B and requires the Secretary to publish a list of urban institutions meeting the requirements of this section.

Part D—Articulation Agreements

Section 141—provides the findings for this part.

Section 142—provides for the purpose of this part as improving education by creating comprehensive articulation agreements and planning partnerships between 2 and 4 year institutions of higher education.

Section 143—allows States to make grants to partnerships either on a competitive basis or on the basis of a formula. Provides funds to States on a formula basis when the appropriation exceeds \$50 million; provides for competitive grants to States when the appropriation is less than \$50 million.

Section 144—requires a State desiring to receive funds under this part to submit an application to the Secretary.

Section 145—requires qualified institutions desiring to receive a grant to submit an application to the State, which, among other items, requires the articulation agreement to contain assurances that academic credit earned in the 2 year institution will be transferable to the 4 year institution.

Section 146—recipients shall use grants received under this part from a State to develop and operate articulation agreements for 6 years.

Section 147—allows States to reserve up to 3 percent of amounts available for State administrative costs.

Section 148—requires States to give a priority in making grants to programs which encourage teacher education and to partnerships with one partner that is participating in a Tech Prep agreement under the Perkins Vocational and Applied Technology Education Act.

Section 149—requires each State to submit to the Secretary an annual report on the operations of the programs funded under this part in the State. The Secretary shall, on the basis of the reports, evaluate all or a sample of programs to determine their success or failure and shall then disseminate the successful programs. The Secretary shall also report the results of the evaluation to Congress. Allows the Secretary to reserve up to 3% of the appropriation for these purposes.

Part E—Manufacturing Engineering Education

Section 161—states the purpose of this part as encouraging the development of undergraduate and graduate level programs of education and research in manufacturing engineering at institutions of higher education.

Section 162—authorizes the Secretary, in consultation with the Director of the National Science Foundation and the Office of Science and Technology Policy, to establish a program to support the enhancement of existing programs in manufacturing engineering education; and to support the establishment of new programs in

manufacturing engineering education. Requires that at least one-third of the grants be awarded to new programs in manufacturing education; that the grants be distributed throughout the United States; and that initial grants be made in the first year to 10 institutions of higher education. Requires that the program be coordinated with the National Science Foundation.

Section 163—requires that programs receiving assistance must be at the undergraduate and/or graduate level and must be a consolidated and integrated multi-disciplinary program of education. Requires that the program be conducted with a significant level of private sector involvement.

Section 164—requires the Secretary, in coordination the Director of the National Science Foundation, to solicit proposals from institutions of higher education. Proposals must demonstrate a commitment for a non-Federal match of 50%.

Section 165—requires that grants be awarded on the basis of merit.

Part F—Access and Equity to Education for All Americans Through Telecommunications

Section 171—authorizes the Secretary to make grants to eligible entities for the Federal share of the costs of telecommunications services under the provisions of this part. Eligible applicants are a public broadcasting entity and an institution of higher education, and may include other organizations and institutions.

The bill requires eligible applicants to submit an application to the Secretary, which includes a description of the activities to be undertaken and assurances that funds provided will be matched dollar for dollar from non-Federal sources. Types of activities to be supported include acquisition of equipment, local broadcasting, and preservice or inservice training of teachers.

In approving applications, the Secretary is required to give priority to applications which make captioned films and other media available to individuals with disabilities; provides services to a significant number of postsecondary institutions; and improves access to creditworthy telecommunications course-work.

Each recipient is required to submit a report describing the activities supported, the population served and the ability of the private sector to continue the activities without Federal support.

TITLE II—ACADEMIC LIBRARY AND INFORMATION TECHNOLOGY ENHANCEMENT

Section 201—amends the title to read as follows:

Section 201—states the purpose of the title which is to assist college and university libraries in acquiring technological equipment; to assist in the education and training of persons in library and information science; to assist the Nation's major research libraries in maintaining and strengthening their collections; and to assist historically Black colleges and universities with library and information science programs to educate African Americans and other ethnic minorities.

—provides the authorization levels for Parts A, B, C and D of this title. For Part A, College Library Technology and Coopera-

tive Grants, there are authorized to be appropriated \$25,000,000 for FY 1993 and such sums for the four succeeding fiscal years; Part B, Library Education Research and Development, there are authorized to be appropriated \$25,000,000 for FY 1993 and such sums for the four succeeding fiscal years; Part C, Improving Access to Research Library Resources, there are authorized to be appropriated \$25,000,000 for FY 1993 and such sums for the four succeeding fiscal years; and for Part D, Strengthening and Information Science Programs in Historically Black Colleges and Universities, there are authorized to be appropriated \$25,000,000 for FY 1993 and such sums for the four succeeding fiscal years.

Section 202—requires institutions of higher education receiving assistance under this title to annually inform the State agency of its activities under this title.

Part A—College Library Technology and Cooperative Grants

Section 211—authorizes the Secretary to make grants to institutions of higher education for technological equipment, networking, and other purposes. Requires that the minimum award be \$25,000; that it be expended over a 3 year period; and that the maximum award per institution be \$35,000. Also requires that there be a non-federal match of one-third of the funds.

Part B—Library Education, Research, and Development

Section 221—requires that two-thirds of the appropriation be used to fund projects for library education and human resources development and that one-third of the funds for research and demonstration projects.

Section 222—authorizes the Secretary to make grants and contracts with institutions of higher education and library organizations and agencies to assist them in educating and training persons in library and information science. Not less than 50 percent of the grants under this section shall be for the establishment of fellowships or traineeships.

Section 223—authorizes the Secretary to make grants and contracts with institutions of higher education and other public and private agencies, institutions, and organizations for research and development projects related to libraries.

Section 224—requires the Secretary to consult with library and information sciences' professional bodies in order to determine the critical needs under section 222 and determine the priorities in section 223.

Part C—Improving Access to Research Library Resources

Section 231—authorizes the Secretary to make grants to institutions with major research libraries. Also, provides the definitions for the part.

Section 232—requires the Secretary to ensure that grants will be equitably distributed throughout the United States.

Part D—Strengthening Library and Information Science Programs in Historically Black Colleges and Universities

Section 241—requires the Secretary to make grants to HBCUs and library organizations or agencies with nationally approved programs in library and information science in order to assist such entities in educating and training African Americans and other ethnic minorities in areas of critical needs of library and information science. Requires that not less than 50% of the grants be made for the purpose of establishing and maintaining fellowships or traineeships.

Part E—Funding Prohibition

Section 251—requires that programs enacted prior to the Higher Education Amendments of 1992 receive the same or greater level of funding they received in FY 1992 before new title II programs can receive an appropriation.

TITLE III—INSTITUTIONAL AID

Section 301—amends the title III findings section to state that there are many institutions of higher education serving a high percentage of minority students and students from low income backgrounds that face problems that threaten their ability to survive.

Section 302—amends section 311 of Part A to eliminate the tie breaker provisions for awarding grants under this part.

—amends section 312 to eliminate the requirement that an institution of higher education be in existence for 5 years in order to be eligible for Part A funds.

—amends section 313 to eliminate the 3 and 4 year grants under Part A.

—adds a requirement for Part A institutions to include in their grant applications a description of the institution's goals for financial management and academic programs, and a plan to achieving such goals.

Section 303—adds three new uses of funds for Part B institutions: 1) establishing or improving development office; 2) establishing or enhancing a program of teacher education; and 3) establishing community outreach programs to encourage elementary and secondary students to pursue postsecondary education.

—amends a portion of the Part B formula to clarify how to determine the number of graduates from an institution who have enrolled in graduate or professional degree programs.

—adds a requirement for Part B institutions to include in their grant application a description of the institution's goals for financial management and academic programs, and a plan for achieving such goals.

—increases the minimum Part B grant level to \$500,000.

—amends section 326 to include 5 additional professional or graduate institutions. Also includes funding rules for making grants to the 5 new institutions.

Section 304—amends Part C by eliminating the Challenge Grant program and makes other technical and conforming amendments to the Endowment Challenge Grant program that result from the former program's elimination.

- establishes a \$20 million appropriation level as the threshold for when \$1 million grants can be made under the Endowment Challenge Grant program.
- requires a wait out period of 10 years for the Endowment Challenge Grant program if appropriations are under \$20 million for this part, but reduces the wait out period to 5 years if the appropriations for this part is above \$20 million.
- establishes the minimum Endowment Challenge grant size as \$500,000.
- places a priority for awarding grants to institutions that have received a Part A or B grant within the previous 5 years.
- adds a requirement that applications for the Endowment Challenge Grant program include the institution's long and short term plans for raising and using the funds provided under this part.
- sets aside 30% of the Endowment Challenge Grant funds for such grants to HBCUs.

Section 305—makes technical amendments to the application section and provides for the title's authorization levels. For Part A, there are authorized to be appropriated \$150,000,000 for FY 1993 and such sums for the four succeeding fiscal years; for Part B, there are authorized to be appropriated \$150,000,000 for FY 1993 and such sums for the four succeeding fiscal years; for Section 326, there are authorized to be appropriated \$20,000,000 for FY 1993 and such sums for the four succeeding fiscal years; and for Part C there are authorized to be appropriated \$60,000,000 for FY 1993 and such sums for the four succeeding fiscal years.

- amends section 360 to eliminate the Part A set aside for community colleges.
- provides that 25% of the funds appropriated above the FY 1986 level for Part A be set aside for institutions with enrollments where 60% of the students are Black, Hispanic, Native American, Hawaiian or Pacific Islanders.

TITLE IV—STUDENT ASSISTANCE

Part A—Grants to Student in Attendance at Institutions of Higher Education

Subpart 1—Pell Grants

Section 411(a)—extends the program authority through September 30, 1998.

Section 411(b)—renames grants to be "Federal Pell Grants."

Section 411(c)—eliminates the 60% of cost of attendance limitation on Pell Grants.

Section 411(d)—increases the maximum Pell grant to \$4,500

—indexes Pell Grant maximum to Consumer Price Index

—provides tables to determine a student's Pell grant from a student's Expected Family Contribution, determined under Part F

—increases minimum Pell grant from \$200 to \$400, except for those students attending on a less-than-half-time basis, in which case the minimum grant would remain \$200.

Section 411(e)—provides Pell eligibility for less-than-half-time students for five semesters of less-than-half-time attendance and removes the restrictions in current law.

Section 411(f)—amends the period of eligibility to be the period required for completion of first undergraduate baccalaureate degree, during which the student is making satisfactory progress.

Section 411(g)—makes technical changes to assist students in study-abroad programs.

Section 411(h)—removes the requirement that students must personally present SAR document in order to receive Pell grant.

Section 411(i)—makes Pell Grants an entitlement.

Section 411(j)—makes a clarifying change providing that the student Pell grant recipient is not a grantee for purposes of the drug-free workplace requirements.

Section 412—establishes a single needs analysis for all the Federal student aid programs.

Subpart 2—Federal Supplemental Educational Opportunity Grants

Section 413(a)—renames grants as Federal Supplemental Educational Opportunity Grants.

Section 413(b)—reauthorizes for five years with FY 1993 authorization at \$700 million and such sums for four succeeding fiscal years.

Section 413(c)—makes technical changes to assist students in study-abroad programs.

Section 413(d)—increases institutional match from 15 percent to 25 percent.

Section 413(e)—modifies targeting of SEOG to students with greatest financial need.

Section 413(f)—insures that non-traditional students, including less-than-half-time students, receive a fair share of the funds.

Section 413(g)—makes technical change to conform to change in section 488.

Section 413(h)—requires that any institution which returns more than 10 percent of their allocation from any of the campus-based programs, will have their allocation reduced by the same amount the following year.

Subpart 3—State Student Incentive Grants

Section 415(a)—makes technical changes to assist students in study-abroad programs.

Section 415(b)—reauthorizes for five years with FY 1993 authorization at \$125 million and such sums for four succeeding fiscal years.

Section 415(c)—increases the maximum allowable SSIG from \$2,500 to \$5,000.

Section 415(d)—provides that if appropriations for the program exceed \$75 million, additional state appropriations are required to receive additional SSIG funding.

Section 415(e)—makes technical changes by striking an obsolete section.

Subpart 4—Special Programs for Students from Disadvantaged Backgrounds

Section 417—moves to subpart 1 and rename Federal Early Outreach and Student Services Programs.

- establishes eight major parts—1) TRIO Programs, 2) National Liberty Scholarships and Partnerships Programs, 3) Model Program Community Partnership Counseling Grants, 4) Honors Awards, 5) Technical Assistance for Teachers and Counselors, 6) National Student Savings Demonstration Project, 7) Public Information, and 8) Congressional Achievement Scholarships Program.

The new sections follow:

Section 401—Findings and Purposes.

Section 401A—TRIO Programs—includes the current TRIO programs with the following changes:

- technical amendment to the purpose section of TRIO to reflect target population of McNair programs.
- authorizes \$750 million for Fiscal Year 1993 and such sums for four succeeding fiscal years.
- amends eligible participants to include combination of currently eligible participants.
- requires Secretary to fund applications in rank order.
- provides for inflationary funding increases in programs.
- establishes minimum grant size of \$170,000 for Student Support Services and Staff Development Activities; \$180,000 for Talent Search and EOCs; and \$190,000 for Upward Bound and McNair programs.
- extends TRIO grant cycle to 5 years.
- requires Secretary to make timely notification of application status to institution.
- prohibits the Secretary from limiting the number of applications an institution may submit.
- clarifies the definition of low-income individual.
- increases coordination with other programs for disadvantaged students.
- clarifies services provided by Talent Search programs.
- includes serving limited English proficient students as a permissible activity in all TRIO programs that currently don't include such services.
- permits Talent Search to reach sixth grade students.
- requires all Upward Bound programs which have been funded for more than two years to require mathematics through pre-calculus, a minimum of one laboratory science, and composition and literature as part of the core curriculum.
- clarifies statement of purpose of Student Support Services program.
- revises population of Student Support Services to require (a) $\frac{2}{3}$ of students be either individuals with disabilities or low-income and first generation in college; (b) the remaining $\frac{1}{3}$ of students be individuals with disabilities or low-income or first generation in college; and (c) at least $\frac{1}{3}$ of individuals with disabilities be low-income.

- clarifies requirement that TRIO students be offered “sufficient financial assistance.”
- makes technical clarifications to the McNair programs.
- includes exposure to cultural and academic programs not usually available to disadvantaged students as an allowable activity under McNair.
- allows McNair funds to cover costs of summer study programs.
- removes funding limitation from McNair.
- clarifies expected services under the Educational Opportunity Centers program.
- includes mentoring as an allowable activity under all TRIO programs.
- clarifies content of staff development activities.
- authorizes outreach grants to provide information to potential providers of TRIO services.
- authorizes an on-going evaluation of TRIO.

Section 403A—establishes the National Liberty Scholarships and Partnerships Programs to provide matching grants to states (50/50 match) to institute a financial assistance program and an early intervention partnership program.

Section 403B—describes the requirements of the state plan and match.

Section 403C—outlines the scholarship program which would guarantee grant assistance to students who participated in partnerships. Scholarships must be at least 75 percent of the average cost of attendance for an in-state student in a 4-year program of instruction at a public institution in the state.

Section 403D—outlines the partnership program.

- states could use money to establish partnerships between LEAs, IHEs, businesses, community organizations and others to provide services to keep students in school, including tutoring, mentoring, parental involvement activities among others.
- states could use funds to establish a pre-freshman summer program.

Section 403E—establishes the method by which a state is paid.

Section 403F—establishes an allocation formula between states, based on Chapter 1 allocation.

Section 403G—defines student eligible for scholarships under this part to be high school graduates (or equivalent) who are under 22 years old, eligible for Pell grants and enrolled or accepted for enrollment in an eligible institution of higher education.

Section 403H—sets appropriation levels at \$250 million for FY 1993 and such sums for four succeeding fiscal years.

Section 404A—establishes model programs to provide grants to community partnerships to provide mentoring, tutoring and support services, as well as information on colleges and available financial aid.

- these programs would design programs for use in specific geographic, social, and cultural environments.

Section 404B—results of these models would be distributed through the National Diffusion Network.

Section 404C—provides authorizations of \$70 million and \$20 million for FY 1993 and such sums for four succeeding fiscal years for sections 404A and 404B, respectively.

Section 405A—authorizes an Honors Award program for Pell eligible students who participate in a early intervention program.

—students are to be called Presidential Honors Scholars.

Section 405B—requires first year recipients to have participated for three years in an early intervention program; to have taken three years of mathematics, two years of science, and four years of English at the secondary level; earned a GPA of 2.5 or higher in the last two years of high school; and receive a Pell grant.

—those who have completed their first year would need to have received an Honors Award in the previous year; maintain satisfactory progress; and receive a Pell grant.

Section 405C—defines eligible early intervention programs including: Upward Bound, Talent Search, HEP, National Liberty programs, Model Programs, or comparable programs approved by the state, which meet the requirements of the Secretary, and meet at least bi-weekly during the academic year.

Section 405D—sets the award amount at 25 percent of the student's Pell grant, not to exceed cost of attendance when combined with Pell and other grant assistance.

Section 405E—establishes award procedures, including a ceremony.

Section 406A—establishes a grant program for LEAs to train guidance counselors and teachers on financial aid and early outreach techniques.

—authorizes \$70 million for FY 1993 and such sums for four succeeding fiscal years.

Section 407A—authorizes a national savings demonstration program to provide incentives for states to establish savings accounts to be used to pay college costs.

—authorizes \$10 million for FY 1993 and such sums for four succeeding fiscal years.

Section 408A—establishes a computerized database with information on public and private financial assistance accessible to schools and libraries.

—establishes a toll-free information line to provide individualized financial assistance information, including referring individuals with disabilities to the postsecondary education clearinghouse established under I.D.E.A.

—authorizes \$20 million for FY 1993 and such sums for four succeeding fiscal years.

Section 408B—promotes public advertising to encourage college attendance by low-income, minority and at-risk students.

Section 409A—authorizes a Congressional Achievement Scholarship program.

—authorizes \$170 million for FY 1993 and such sums for four succeeding fiscal years.

Section 409B—authorizes these scholarships to be awarded to eligible Pell Grant recipients.

—authorizes an eligible recipient to receive a maximum of four grants, except that a student in a five year program could receive five grants.

Section 409C—requires first year students to rank in the top 10 percent of their high school graduating class or achieve at least the

minimum score, set by the Secretary, on a national achievement test.

- requires that students in other years rank in the top 20 percent of their postsecondary education class.

- requires students to attend on a full time basis.

Section 409D—provides that the Secretary will establish awards procedures.

Section 409E—provides that the maximum scholarship will be \$500.

- provides adjustments for insufficient appropriations.

Subpart 5—HEP/CAMP

Section 418(a)—includes as eligible participants in HEP and CAMP participants in Chapter 1 migrant programs and J.T.P.A. migrant programs.

Section 418(b)—parallels TRIO by changing grant cycle to 5 years.

Section 418(c)—reauthorizes programs for five years and authorizes \$15 million for HEP and \$5 million for CAMP for FY 1993 and such sums for four succeeding fiscal years.

Subpart 6—Byrd Scholarships

Section 419(a)—reauthorizes program for five years and authorizes \$10 million for FY 1993 and such sums for four succeeding fiscal years.

Section 419(b)—conforms definition of state to the rest of the Act.

Subpart 7—Assistance to Institutions and VEOP

Section 420—repeals this subpart.

Subpart 8—Special Child Care Services for Disadvantaged College Students

Section 420A—reauthorizes for five years and authorizes \$10 million for FY 1993 and such sums for four succeeding fiscal years.

Part B—Stafford Student Loan Program

Section 421—renames the program to Federal Family Education Loan Program.

Section 422—provides that if final regulations have not been promulgated to implement the changes in Part B by July 1, 1994, then no new loans can be made under the programs in Part B after that date.

Section 423—provides for the correction of errors under the reduction of excess cash reserves provision of the Omnibus Budget Reconciliation Act of 1987.

- authorizes the Secretary of Education to establish management plans (and criteria for determining weakness, such as minimum reserve levels) for financially weak guaranty agencies, Secretary could assume guaranty agency functions.

Section 424(a)—provides graduated repayment schedule for Stafford borrowers who request it.

- mandates that borrower is billed via monthly statements that show principal and interest for at least the first 2 years of repayment.

Section 424(b)—repeals combined minimum repayment for married couples.

Section 425—makes technical changes to assist students in study-abroad programs.

Section 426—clarifies windfall profits provision to allow adjustment at the end of the payment schedule and to provide that periodic disclosures to borrowers are not mandated.

Section 427(a)—prorates loan eligibility in relation to the course length of the student to conform to the SLS program.

Section 427(b)—requires that the minimum repayment is at least the amount of accrued interest.

Section 427(c)—eliminates all Stafford loan deferments except in-school status, unemployment, the 6 month grace period and hardship (where hardship equals lack of ability to pay).

—permits students to receive in-school loan deferments for attendance at institutions excluded from Stafford because of their default rate, but otherwise eligible to participate in Title IV.

Section 427(d)—clarifies that forbearance does not count against 10 year repayment.

Section 427(e)—allows guarantors to limit participation by institutions based on their fiscal and administrative capabilities.

—provides that as part of L, S & T by guaranty agencies, guarantors can limit percentage of Title IV recipients attending an institution or limit the loan volume at the institution.

—provides for expedited L, S & T procedures, applying nationally to the institution and its branches.

Section 427(f)—allows guaranty agencies to require participation agreements with lenders.

Section 427(g)—requires that students be notified by both the seller and the purchaser when their loan is sold.

Section 427(h)—makes a conforming amendment to the elimination of teacher deferment.

Section 427(i)—makes technical changes relating to post-graduate study abroad.

Section 427(j)—gives the Secretary the authority to prevent conflict of interest relationships between participants in the Title IV programs.

Section 427(k)—authorizes guaranty agencies to enter into agreements with state licensing boards for purposes of locating borrowers.

Section 427(l)—requires guaranty agencies to submit timely claims and to make timely payments of collections to the Department.

Section 427(m)—exempts holders with exceptional performance from Secretary and guaranty agency review.

Section 427(n)—requires guaranty agencies to provide institutions with lists of defaulted borrowers who attended that institution and to correct student addresses based on information provided by the institution.

Section 427(o)—clarifies the ability of borrower to forbear defaulted loans.

—requires all students be offered the option of forbearance.

Section 427(p)—makes technical correction in order to define third party servicer.

Section 427(q)—requires that defaulted loans that have not subsequently been placed in repayment be subrogated to the Department of Education 36 months after the claim has been paid, unless a judgment has been obtained against the borrower or at least \$300 has been collected from the borrower in the past 12 months.

Section 427(r)—establishes collection criteria to measure the performance of guarantors, lenders and other holders of student loans; holders with a record of exemplary collection performance would be exempt from detailed due diligence requirements.

Section 427(s)—allows administrative cost allowance to be based on all eligible lenders with which a guaranty agency does business.

Section 428(a)—allows borrower to defer repayment of SLS (interest would accrue and be paid by borrower) for 6 months after withdrawal to coincide with Stafford repayment.

Section 428(b)—allows capitalization of interest on SLS loans to be added no more frequently than quarterly.

Section 429—modifies the existing PLUS program to provide unsubsidized loans to credit worthy middle-income parent borrowers.

- allows credit worthy borrowers to borrow up to the (cost of education) minus (other student aid) under the PLUS program.
- requires that the PLUS checks be made copayable to the institution.

- eliminates PLUS loan deferments, but requires forbearance at the request of the borrower.

- allows capitalization of interest on PLUS loans to be added no more frequently than quarterly.

Section 430(a)—allows students who are defaulted to enter consolidation if this gets them out of default.

- allows parents to consolidate their loans.

Section 430(b)—allows borrowers an additional 180-day window to add loans to their consolidation agreement.

Section 430(c)—allows married students to consolidate their loans.

Section 430(d)—corrects loan consolidation language to provide that interest which accrues during deferments is paid by the Secretary.

Section 430(e)—eliminates consolidation option for loans under \$10,000.

- allows borrowers with student loan debts in excess of \$60,000 to be given up to 30 years to repay their consolidated loan and modify other consolidation limits to conform.

Section 430(f)—mandates that graduated or income sensitive repayment schedules be offered to consolidation loan borrowers.

Section 431(a)—institutions may not penalize students because of 30-day delayed disbursement requirement.

Section 431(b)—allows institutions with permission of the borrower to disburse loans on a weekly or monthly basis (keeping the remainder of the loan in an interest bearing account).

Section 431(c)—includes conforming amendment for CWS overaward rule.

Section 432—creates an unsubsidized Stafford loan—the loan limits and interest would be the same as Stafford; however, the stu-

dent would pay the interest during in-school and deferment periods. Also unsubsidized Stafford would not be need-based.

—authorizes an Extended Collection Demonstration Program to try new approaches to reducing default.

Section 433(a)—requires the Secretary to spend at least \$25 million and such sums for four succeeding fiscal years on default reduction activities and at least \$5 million and such sums for four succeeding fiscal years on training activities (money would come from the existing insurance fund).

Section 433(b)—authorizes the Secretary to regulate third party servicers to ensure sound management and accountability in the student financial aid programs.

Section 433(c)—clarifies the Secretary's L, S & T authority to be national in scope.

Section 433(d)—requires that all program participants use the same forms (e.g. application forms, promissory notes, etc.) to be prescribed by the Department of Education.

—program participants are given 270 days to develop common forms and if they are not successful the Secretary will develop them.

—provides that the Secretary periodically update the forms in consultation with program participants.

Section 433(e)—requires Secretary to encourage employers to repay loans for their employees.

Section 433(f)—clarifies that if a guaranty agency becomes insolvent, the Secretary must honor reinsurance claims.

Section 434—modifies disclosure requirements to simplify disclosure before disbursement while retaining detailed disclosure before repayment.

—clarifies that borrower's loan repayment obligation is separate from institution's obligation to borrower.

Section 435(a), (b), (c) and (e)—conforms definition of eligible institution for Part B and all of Title IV (section 481(a)).

Section 435(d)—deletes "trust company" from the definition of eligible lender.

—limits eligibility for institutional lenders to low-default schools and require institutions to use any proceeds from the program for need-based aid.

Section 435(f)—includes definition of third party servicer.

Section 436—allows Secretary to pay guaranty agencies in the case of the bankruptcy of the borrower.

—in cases of schools closing for financial reasons or if the institution fraudulently certifies the loan, requires the Secretary of Education to repay the loans for all current students using the bond that the Secretary gets from the institution.

—cancels those defaulted loans which were for periods of attendance at an institution which closed during the period of attendance due to financial difficulties.

Section 437(a)—permits special allowance payments for unsubsidized loans.

Section 437(b)—conforming amendment to section 427(r).

Section 437(c)—phases out loan origination fee.

Section 437(d)—eliminates the limit on discounting purchases of student loan portfolios (necessary because of S & L crisis).

Section 438(a)—in making non-guaranteed loans, the Student Loan Marketing Association (Sallie Mae) would be permitted to follow laws of DC as opposed to the state of the borrower.

Section 438(b)—allows Sallie Mae to make facilities loans to institutions below the top two rating categories.

Section 439(a)—requires Sallie Mae to submit to the Secretary of the Treasury (the "Secretary") all of its publicly distributed periodic financial reports, and any reports on the Association prepared by nationally recognized statistical rating organizations.

- authorizes the Secretary to appoint auditors to assess the financial safety and soundness of the Association. The Secretary is further authorized to contract for any technical assistance the auditor might require. Upon conclusion of the safety and soundness inquiry, the auditor is required to make a report of his findings to the Secretary and to Sallie Mae. This section specifically requires Sallie Mae to grant the Secretary access to its books and records and to provide the Secretary with any other information he or she requests.
- provides for a "capital ratio" to be maintained by Sallie Mae. If Sallie Mae, at the end of any calendar quarter, has capital ratio of less than 2 percent, it must submit to the Secretary, within 60 days, a business plan for meeting a 2% capital ratio at the end of 36 months.
- details the procedure for the Secretary's review of the business plan. Within 30 days (or longer if Sallie Mae and the Secretary so agree), the Secretary will either approve, suggest modifications, or disapprove the plan proposed by Sallie Mae. If the Secretary suggests modifications, Sallie Mae will have an opportunity to accept or reject the proposed changes. Assuming an agreement can be reached, Sallie Mae is then required to implement the plan.
- provides that if the parties cannot reach an agreement and/or the review period expires without an extension having been agreed to, Sallie Mae would implement its most recent proposal, which the Secretary would submit, along with an explanation of his or her reasons for disapproval, to the Chairmen and Ranking Minority Members of the Senate Committee on Labor and Human Resources, the House Committee on Education and Labor, and the Secretary of Education. Sallie Mae would also receive a copy of the Secretary's report and would be required to file a detailed response to the Secretary's report with the Committees within 30 days. When Sallie Mae receives the Secretary's report, it will also be required to implement the most recent business plan which it proposed.
- provides if the capital ratio falls below 1.5 percent at the end of a quarter, Sallie Mae must submit a modified business plan to increase the capital ratio to at least 1.5 percent. The Secretary must either approve or disapprove Sallie Mae's plan within 30 days, unless a longer time period is mutually agreed upon. If the Secretary approves the plan, Sallie Mae will work to implement it. If the Secretary disapproves the plan, the Secretary must submit written reasons for disapproval to the Chairmen and Ranking Minority Members of the House Committee on Education and Labor, and the Senate Committee on

- Labor and Human Resources, with a copy to the Secretary of Education. Within 30 days after Sallie Mae has received its copy of the Secretary's submission, it must submit to the Committees a detailed written response. If, within 60 legislative days after the Secretary's submission, Congress has not acted to prohibit its implementation, Sallie Mae must implement the Secretary's plan or its own plan as modified by the Secretary.
- provides that if at the end of any calendar quarter Sallie Mae's capital ratio is less than 1.5 percent, the Secretary may 1) limit any increase in or order the reduction of Sallie Mae's liability (except those necessary to fund student loan purchases and warehousing advances); 2) restrict or eliminate the growth of Sallie Mae's assets (except student loan purchases and warehousing activities); 3) restrict Sallie Mae from making any capital distribution; 4) require Sallie Mae to issue new capital in any form and in any amount sufficient to restore the capital ratio to least 1.5 percent; and 5) prohibit Sallie Mae from increasing compensation (including bonuses) for executive officers.
 - provides that if Sallie Mae's capital ratio is less than 1 percent at the end of any calendar quarter, it would be required to propose a business plan or to amend any already proposed plan with such changes as the Secretary determines are necessary to reach a 2 percent capital ratio within 60 months. If no plan had yet been prepared when the critical capital level is reached, Sallie Mae would have 14 days to propose a plan, and the Secretary can order such changes as he determines are necessary. The Chairmen and Ranking Minority Members of the Congressional authorizing Committees and the Secretary of Education would receive copies of the plan.
 - stipulates that Sallie Mae would provide copies of all proposed plans, modifications, and proposed Treasury changes to the Congressional Budget Office and General Accounting Office. These submissions would be treated confidentially by the Congressional Budget Office and the General Accounting Office. If the Treasury and Sallie Mae fail to reach a consensus on the business plan, within 30 days both the Congressional Budget Office and the General Accounting Office would report their recommendations to the Chairmen and Ranking Minority Members of the Congressional authorizing Committees, including (1) an analysis of Sallie Mae's financial condition, (2) an analysis of Sallie Mae's proposed plan and all modifications suggested by Treasury, (3) the analysis of the impact of the plan and all proposed changes on the operation of the Federal student loan programs, (4) recommendations as to how Sallie Mae can increase its capital ratio without impairing its ability to fulfill its public purpose.
 - provides that if the Treasury and Sallie Mae fail to reach a consensus on a business plan, within 30 days the Secretary of Education would report to the Chairmen and Ranking Minority Members of the authorizing Committees with respect to (1) legislative and regulatory provisions governing student aid which may have contributed to the decline in Sallie Mae's capital ratio, and (2) legislative and administrative changes to the

student loan program which would assist Sallie Mae in meeting its capital target while maintaining the orderly operation of the student loan program.

- provides that Sallie Mae will be considered to meet the capital ratios described in Paragraphs (3) and (5) if it is rated in one of the top two rating categories (without regard to designations within categories i.e., AA- or better) by two nationally recognized statistical rating organizations. The rating must be without regard to Sallie Mae's status as a Federally chartered corporation. If only one statistical rating agency is willing to provide such a rating, then only one rating is required.
- provides for confidential treatment of information provided by Sallie Mae to the Congressional Budget Office, the General Accounting Office and the Departments of Treasury and Education. However, Congress shall have access to any information.
- defines these terms used through subsection 439(r):

A "nationally recognized statistical rating organization" is a private credit rating firm registered as such with the SEC.

"Secretary" refers to the Secretary of the Treasury.

The "Capital Ratio" is the ratio of stockholders' equity to total assets as shown on the Association's balance sheet, plus 50 percent of the credit equivalent amount of certain off-balance sheet asset items, e.g., letters of credit, interest rate swaps, and foreign currency swaps.

Section 439(b)—under current law Sallie Mae's voting stock is held only by educational and financial institutions, leaving more than 85 percent of all stock as non-voting. The educational shareholders elect one-third of the directors, the financial shareholders elect one-third of the directors, and the remaining one-third are appointed by the President. Subsection (a) converts all non-voting shares to voting shares as of the effective date of the Act. Subsection (b) conforms the provisions governing the composition of the Board of Directors to continue the current framework, but permits all shareholders to vote for the elected directors (those who are not appointed by the President). Commencing in 1992, 7 of the elected directors must be affiliated with an eligible educational institution, and 7 of the elected directors must be affiliated with an eligible lender. The terms "affiliated with an educational institution" and "affiliated with an eligible lender" are defined to mean individuals who are, either at the time of their election or within the most recent five years, employees, officers, directors, or similar officials of (1) an eligible institution or lender, (2) an association whose members consist primarily of eligible institutions or lenders, (3) a State agency, authority, instrumentality, commission or comparable institution, the primary purpose of which is education or banking. The President continues to appoint the Chairman of the Board.

Part C—College Work-Study Programs

Section 441(a)—renames program to be "Federal College Work-Study Programs."

Section 441(b)—reauthorizes the program for five years with the authorization for FY 1993 at \$900 million and such sums for four succeeding fiscal years.

Section 441(c)—any institution which returns more than 10 percent of their allocation from any of the campus-based programs, will have their allocation reduced by the same amount the following year.

Section 441(d)—repeals the 10 percent limit on use of CWS for Community Service Learning.

—specifies that mentoring is an allowable activity for CWS employment.

Section 441(e)—increases the overaward tolerance for CWS from \$200 to \$300.

—limits income for purpose of CWS overaward rule to income derived from CWS.

Section 441(f)—ensures that non-traditional students, including less-than-half-time students, receive a fair share of the campus-based programs.

Section 441(g)—repeals section 443(b)(5)(B), which provides a 90 percent Federal share for community service learning jobs.

Section 441(h)—makes technical changes to assist students in study-abroad programs.

Section 441(i)—clarifies that CWS funds may be used for support programs for individuals with disabilities.

Section 441(j)—clarifies the carry-back provisions.

Section 441(k)—increases funds for Job Location and Development Program from \$30,000 to \$50,000.

—removes set-aside for community service jobs from Job Location and Development Program and includes Community Service Job Location and Development Program in the Community Service Learning Program.

—requires institutions to provide not less than 20 percent of the funds for the Job Location and Development Program.

Section 441(l)—transfers the Community Service Learning Program to Title XI.

—authorizes \$10 million and such sums for four succeeding fiscal years for matching grants for work-study at institutions organized on the basis of work service programs (i.e. institutions where all students work in exchange for education and tuition is charged).

Part D—Federal Direct Loans

Section 451—replaces the current Income Contingent Loan program with a phased-in direct loan program as follows:

Section 451(a)—authorizes the program to begin on July 1, 1994.

Section 451(b)—authorizes payments to institutions to make loans.

Section 451(c)—provides that initial payments be made prior to July 1 for each academic year.

Section 451(d)—entitles the institution to payments for making loans.

Section 452(a)—provides for the participation of 500 institutions starting July 1, 1994, an additional 1,000 institutions starting on July 1, 1995, and the remainder on July 1, 1996. The Secretary must select and publish a list of selected institutions a year prior to their start-up date.

Section 452(b)—requires an agreement between the Secretary and any institution of higher education that wishes to participate. The institution must determine student eligibility and originate the loan.

Section 452(c)—allows institutions or consortia of institutions to use a designated lending agent.

Section 452(d)—provides an institutional administrative reimbursement of \$20 per student.

Section 453(a)—provides for subsidized loans for students who have demonstrated need and unsubsidized loans for independent students and dependent students (if financial aid administrators determine that parent will not contribute) and parents.

Section 453(b)—sets loan limits for subsidized loans at cost of attendance minus Federal and non-Federal financial aid minus expected family contribution not to exceed \$6,500 for first and second year students, \$8,000 for other undergraduates and \$13,000 for graduate and professional students, with a maximum of \$38,500 for undergraduate students and \$98,500 for graduate and professional students.

—sets lower loan limits for students attending courses less than one academic year.

Section 453(c)—sets loan limits for unsubsidized loans at cost of attendance minus Federal and non-Federal financial aid for the parent or student with maximum student loans not to exceed \$4000 for first and second year students, \$6000 for other undergraduates and \$10,000 for graduate and professional students, with a maximum of \$28,000 for undergraduate students and \$78,000 for graduate and professional students.

Section 453(d)—sets lower loan limits for students attending courses less than one academic year.

Section 453(e)—requires institution to use Part F Needs Analysis to determine student eligibility.

Section 453(f)—includes enforcement mechanism for the loan limits.

Section 454(a)—sets student eligibility requirements.

—provides for three deferments: in-school (including 6 month grace period), unemployment and financial hardship.

—allows students to repay the loan early without any penalty.

—requires the check be copayable to the student and the institution.

Section 454(b)—for subsidized loans, gives the borrower 10 years to repay the loan with a 6 month grace period after borrower leaves school.

—provides that interest be set at 8% for subsidized loans.

Section 454(c)—for unsubsidized loans, gives borrower 10 years to repay the loan, with repayment starting 60 days after the loan is disbursed.

—provides for graduated interest rates.

Section 454(d)—requires multiple disbursement of loan.

Section 454(e)—requires minimum monthly payment of \$50.

—requires the borrower be given graduated or income contingent repayment schedule if requested.

Section 454(f)—sets interest rates for unsubsidized loans at 52-week T-bill + 3.25 percent, up to 12 percent.

—requires the Secretary to report to Congress on the cost to the Federal Government of making subsidized and unsubsidized direct loans, collecting and servicing the loans.

Section 455—provides for loan consolidation of direct loans.

—provisions are similar to those in current law under Part B.

Section 456—provides that the Secretary will cancel the loans of deceased or disabled borrowers

Section 457(a)—specifies the administrative authority of the Secretary.

Section 457(b)—allows the Secretary to contract out collection activities.

Section 457(c)—allows the Secretary to make loan consolidation contracts.

Section 458—provides funding for the program.

Section 459—definitions section.

Section 459—eliminates the authority to borrow under part B after June 30, 1996.

Section 459—provides a line item in the Secretary's S & E money to administer this program.

Part E—Perkins loans

Section 461(a)—changes name of loans to Federal Perkins Loans.

Section 461(b)—reauthorizes the program for five years and sets the authorization in FY 1992 at \$500 million and such sums for four succeeding fiscal years.

Section 461(c)—makes technical changes to assist students in study-abroad programs.

Section 461(d)—makes technical change to institutional allocation formula.

Section 461(e)—any institution which returns more than 10 percent of their allocation from any of the campus-based programs, will have their allocation reduced by the same amount the following year.

Section 461(f)—increases campus match from 10 percent to 25 percent.

Section 461(g)—provides for reporting to credit bureaus at the time the Perkins loan is disbursed and for notifying students of such reporting.

Section 461(h)—increases loan limits from \$4500 to \$6000, from \$9000 to \$15,000, and from \$18,000 to \$25,000.

—authorizes institutions with low default rates to have an agreement with the Secretary to allow them to increase their institutional match to 50 percent and to increase their loan limits to \$8000, \$16,000 and \$32,000.

Section 461(i)—insures that non-traditional students, including less-than-half-time students, receive a fair share of the campus-based programs.

Section 461(j)—increases minimum monthly repayment from \$30 to \$50.

Section 461(k)—allows for overaward tolerance of \$300.

Section 461(l)—provides for deferments for borrowers who are employees of family service agencies who serve high-risk children.

Section 461(m)—provides for deferments for borrowers who are engaged in graduate or postgraduate fellowship-supported study outside the U.S.

Section 461(n)—permits institutions to compromise defaulted Perkins Loans.

Section 461(o)—permits cancellation of Perkins Loans for borrowers teaching at a Chapter 1 designated school up to one year after school loses its designation.

- allows Perkins loan forgiveness for those entering the nursing profession.

- allows Perkins loan forgiveness for teachers and care-providers of disabled students.

- allows Perkins loan forgiveness for employees of family service agencies who serve high-risk children.

Section 461(p)—modifies excess capital rule to allow institutions 2 years to expend FCC.

Section 461(q)—reallocates to institutions any funds received by the Department from:

- closed institutions.

- audits and collections.

- excess capital contributions returned by institutions.

- unexpended funds appropriated for cancellations.

Section 461(r)—includes definitions section.

- provides that any institution that participates in the direct loan program no longer gets Perkins capital contribution and Perkins collections at these institutions will be placed in an endowment fund, the proceeds of which will be used of SEOG funding on those campuses.

Part F—Need Analysis

Section 471—amends Part F to read as follows with the following changes:

Section 471—clarifies that the amount of need is determined by subtracting the expected family contribution and non-title IV assistance from the cost of attendance.

Section 472—limits cost of attendance for incarcerated individuals to direct educational costs (i.e. tuition, fees, books and supplies).

- makes technical changes to allow participation in study abroad programs by recipients of student aid.

- clarifies the definition of dependent care allowance.

- clarifies that students involved in cooperative education may include costs associated with this employment in cost of attendance.

- includes loan origination fee, insurance fees, and application fee of institution in cost of attendance.

Section 474—modifies the number in college to include only those enrolled in degree or certificate programs.

Section 475—continues to use base year income for calculating the family contribution of families of dependent students.

- changes the name of “standard maintenance allowance” to “income protection allowance.”

- removes offset for unusual medical and dental expenses to be considered as part of special conditions instead.
- includes an education expense allowance which will protect family savings up to the parents contribution from income.
- removes consideration of home, farm and business equity from needs analysis for all programs.
- eliminates minimum student contribution.
- lowers the student's assessment rate from 70% to 50%.
- eliminates double counting of student income and assets.

Section 476—uses projected year income for independent students in needs analysis rather than base year.

- modifies treatment of independent students with spouse and no children to consider spouse's income and assets in determining financial need.

Section 477—treats independent students with children similarly to dependent students.

Section 478—includes language to annually update tables.

Section 479—provides a "by-pass" for applicants whose adjusted gross income is less than or equal to the maximum amount of income that may be earned in order to qualify for earned income tax credits.

Section 479A—clarifies the financial aid administrator discretion provision.

Section 479B—clarifies the treatment in needs analysis of public assistance benefits and foster care support.

Section 479C—retains current law regarding treatment of Native American student benefits.

Section 480—modifies treatment of veterans education benefits to ensure consistency with treatment of other benefits and consistency of treatment among all veterans benefit programs.

- modifies the independent student definition to exclude conditional criteria and rely on financial aid administrator discretion for other circumstances.
- excludes alimony and child support payments from parent's income.
- excludes foster care subsidies from student's income.
- removes dislocated workers and displaced homemakers as separate categories on the form.
- clarifies that frozen assets should not be considered in determining family contribution.
- clarifies treatment of guaranteed tuition prepayment plan.

Part G—General Provisions

Section 481(a)—eliminates correspondence schools from Title IV eligibility

- combines definitions in 481 and 435 and eliminates foreign schools from Stafford Loan eligibility.
- specifies that any institution that files for bankruptcy is automatically ineligible for Title IV funds.
- eliminates the Title IV eligibility for any institution where the owner or C.E.O. has been convicted of (or pled guilty to) a crime involving abuse of Federal funds.
- requires certification by the Secretary as a criteria of eligibility for Title IV assistance.

Section 481(b)—eliminates courses of study of less than 600 hours from Stafford Loan eligibility unless prospective employer or institution owner co-signs the loan and the loan covers less than half of the tuition.

—severs the link between accreditation and Title IV eligibility.

Section 481(c)—includes definition of award year.

—defines academic year to be not less than 30 weeks in instructional time, 23 semester or trimester hours, 36 quarter hours or 900 clock hours.

—permits use of credit hours to measure course length only for courses of study leading to degrees, unless the credits are fully acceptable in a two or four year degree program at that institution.

Section 481(d)—sunsets all Department of Education certification and requires reestablishment of eligibility and certification using new standards in this Act. This section requires the Department to initiate this action first for institutions with high default rates, institutions where there is evidence of fraud and abuse or financial weakness, and institutions with a record of misconduct under Title IV. All institutions must be recertified within 5 years. After this, all institutions must be recertified every 4 years.

—requires Department of Education on-site visits for certification and recertification.

—permits the Secretary to charge fees for certification of Title IV eligibility including the cost of site visits

—allows the Secretary to give conditional certification for up to two years

—for all purposes and provisions under Title IV, the Secretary must treat branch campuses as separate institutions (including 2 year rule, default rates, financial audits, program compliance, etc.)

—requires recertification for all changes of ownership of institutions; defines changes of ownership; clarifies that changes or ownership shall not be subject to the two-year wait out rule.

Section 482—clarifies the delay of effective date provision.

Section 483(a)—provides that students applying for Federal student aid can only apply on a Federal form, which the Secretary will produce, distribute and process free of charge to the student or parent.

—permits states and institutions to have access to the Federal data for awarding their financial aid, which will be available free of charge from the Federal Government.

—provides that if an institution or state requires the student or parent to use any other form in addition to the free Federal form, the institution or state must bear the cost.

—clarifies that the Secretary must enter into more than one processing contract.

—clarifies that data collected by the MDE is the property of the Federal Government.

—makes conforming amendment to allow by-pass on student aid application for families with 0 EFC.

Section 483(b)—repeals the section of law relating to the pre-eligibility form.

- repeals section of law on uniform Federal reporting form which has never been implemented.
- provides that students who reapply for aid after their first year need only update the information previously supplied rather than filling out the entire form from scratch.
- provides that the current toll-free student aid information line also refer students with disabilities and their families to the postsecondary clearinghouse established under the Americans with Disabilities Act of 1990.

Section 484(a)—make technical changes to assist students in study-abroad programs.

- makes technical changes that allow for a student's social security number to be matched with the Social Security Administration data base.
- limits undergraduate student eligibility in all Title IV programs to first baccalaureate degree.

Section 484(b)—clarifies that teacher certification programs are and have been eligible programs under Title IV.

- provides that incarcerated individuals are not eligible for loans.

Section 484(c)—revises the requirements for eligibility of ability-to-benefit students to allow state approved assessment systems.

- clarifies that Secretary is authorized to determine the independence of testing organizations.

Section 484(d)—allows the Secretary to verify all applications for Federal aid, using data from other Federal agencies.

Section 484(e)—allows students who inadvertently borrow more than they're eligible for to continue to be eligible for Title IV if they repay the excess.

Section 484(f)—authorizes the Commissioner of the Social Security Administration to verify accuracy of social security numbers used in applications for Title IV assistance.

- requires the Secretary to match student applications and social security numbers with data bases to determine if students have complied with selective service. If such data base match is not possible, then these requirements are not to be enforced.
- makes technical changes to assist students in study-abroad programs.
- clarifies distinction between correspondence schools and distance learning.
- limits eligibility for students convicted of a drug-related offense, unless the student has satisfactorily completed a drug rehabilitation program.

Section 485—provides that the lender, holder or a loan, guaranty agency or Secretary should not be liable to borrower for actions of the institution of higher education.

Section 486(a)—requires pro rata refund policy for up to 75 percent of period of enrollment.

Section 486(b)—requires that refunds of Title IV assistance made to students must be first applied to loans, second to reimbursement of other Title IV assistance.

- makes technical changes to assist students in study-abroad programs.

Section 486(c)—requires students to provide driver's license and next of kin information at the time of the exit interview.

Section 486(d)—amends the Crime Awareness and Campus Security Act of 1990 to:

- require institutions to begin compiling and reporting data on sexual offenses, forcible and nonforcible, rather than the category of rape.
- require the institution's annual security report to contain a statement of policy regarding the institution's programs aimed at prevention of sex offenses and procedures to be followed once a sex offense has occurred.

Section 486(e)—authorized a student aid data system called the Integrated Postsecondary Education Data System.

Section 487—establishes national borrower status clearinghouse as part of Student Loan Data System.

Section 488—authorizes training grants for financial aid administrators and TRIO personnel.

Section 489(a)—requires institutions that advertise placement rate to also inform students of state licensing requirements for their chosen field.

Section 489(b)—amends the program participation agreement to include the following:

- prohibits the use of commissioned salesmen and recruiters.
- requires institutions to acknowledge that the Department, guaranty agencies, lenders, accreditors, state approving agencies, Department of Veterans Affairs and state licensing bodies can share information regarding the institution's eligibility status or any information on fraud and abuse.
- provides that eligible institutions cannot use any agency or employ anyone occupying a position of responsibility for administering Title IV programs who has been convicted of abusing Federal student aid funds. This applies to also to individuals who occupied similar positions in an institution that has been terminated.
- requires new institutions (including branches) and changes of ownership to automatically enter a 2-year Default Management Plan.
- makes technical changes to assist students in study-abroad programs.
- provides the institution will agree to participate in the Integrated Postsecondary Education Data System.
- requires institutions which offer athletically related student assistance to report athletic revenues and expenditures.

Section 489(c)—provides that L, S & T hearings, audit hearings, and program review appeals need not be "on the record."

Section 489(d)—requires the Secretary to share information on eligibility and fraud and abuse with lenders, guaranty agencies, state approving agencies, state licensing agencies, secondary markets and Department of Veterans Affairs.

Section 489(e)—requires annual independent financial audits in accordance with government standards for all institutions as a condition for Title IV eligibility and results shall be available to guaranty agencies, lenders, state licensing agencies, and secondary markets.

—as a condition for participation in Title IV, require financial guarantees either from the institutions or its owners, sufficient to cover all potential liabilities of the institution for Title IV funds.

Section 489(f)—requires annual compliance and financial audits of secondary markets and servicers (looking at their administration of Title IV programs) in accordance with Government Auditing Standards which will be submitted to Department of Education, IG, and guaranty agencies.

—allows as grounds for L, S & T the suspension or debarment of an individual who owns or controls the institution.

Section 489(g)—makes conforming and technical amendments.

Section 490—includes provisions for a Quality Assurance Pilot program.

—requires that each participant have only one identification number for the purposes of all Title IV programs.

Section 491—allows for transfer of up to 25 percent of funds between CWS and Perkins loans.

—removes authority to transfer 10 percent of SEOG funds to CWS.

—allows an institution to transfer 25 percent of CWS funds to SEOG.

Section 492(a)—repeals the 4th sentence of section 489(a) which permits the use of 10 percent of CWS administration funds for Community Service Learning (section 447 of HEA) and combines purposes of section 447(a) and 447(c).

Section 492(b)—requires that a share of the administrative allowances received by schools be devoted to providing student financial aid services at times and places convenient to the needs of non-traditional students.

Section 492(c)—makes conforming amendments.

Section 493(a)—amends the list of criminal activities to include individuals who attempt to defraud the program.

—increases criminal penalties for fraud and abuse.

Section 493(b)—provides financial guarantees from an institution sufficient to cover potential Title IV losses.

—provides for personal financial liability of owner, CEO, president, head of corporation for any abuse of Title IV.

—owners of institutions, CEOs, presidents, etc. will be held personally liable for the accuracy of information, claims or other statements on which institutional eligibility is based.

—provides that if fraud is found in a parent corporation, then one enforcement action against the parent corporation would terminate from Title IV eligibility all institutions affiliated with that corporation.

Section 494—deletes references to a completed study.

Section 495—establishes criteria for exempting institutions which have good records in the student financial aid programs from some legislative requirements (e.g. delayed disbursement and frequent audits).

Section 496—provides for negotiated rulemaking for limited number of issues under Title IV.

Part H—Program Integrity

Section 497—establishes a new Part H which is a State Postsecondary Approving Agency Program to improve program integrity.

Section 494(a)—states that the purpose is to establish one State postsecondary approving agency to coordinate or conduct the review and approval of institutions of higher education. Federal funds will be provided for these functions.

Section 494(b)—allows the Secretary to enter into agreements for the above purposes and allows Secretary to make other arrangements when states will not comply.

Section 494(c)—provides that if a state refuses to participate the state will not be eligible for funding under this part or for SSIG funds and the Secretary cannot certify any new institution (including branch campuses) in the state and the Secretary can only grant conditional certification to those institutions in the state.

Section 495(a)—provides that the designation of a state approving agency will be within State laws and constitution and the state organizational structure.

Section 495(b)—specifies that the agreement between the State and the Secretary will include a description of the state structure and assurances that the state will administer the program.

Section 495(c)—provides that no state will be required to fulfill the agreement unless funds are appropriated.

Section 496(a)—provides that the Secretary will reimburse states for the costs of administering this program.

Section 496(b)—provides that the maximum that a state can receive is based on the state's share of Title IV funds.

Section 496(c)—authorizes up to 1 percent of Title IV funds to be appropriated for FY 1993 and such sums in the succeeding years.

Section 497(a)—provides that the state approving agency will review institutions in the state according to criteria in subsection (b); if the institution meets one or more of the criteria, the state approving agency will further review the institution under the standards established under subsection (d).

Section 497(b)—sets criteria for second state review to be:

- cohort default rate above 25 percent.
- cohort default rate above 20 percent and either $\frac{2}{3}$ of at-least-half-time students be receiving Title IV assistance or $\frac{2}{3}$ of institution's e & g funds come from Title IV funds.
- L, S & T action against the institution within the last five years.
- audit finding within the last two years of more than 2 percent of Title IV funds received by institution.
- citation because of failure to submit an audit.
- fluctuation of more than 25 percent in amounts that students at institution received in Pell grants or Stafford loans.
- change in ownership of the institution.
- participation in one or more of the programs for less than five years.
- significant number of complaints by students at the institution.

—other criteria established by the Secretary.

Section 497(c)—requires the Secretary to use the most recent data available.

Section 497(d)—provides that a state approving agency shall establish state standards, subject to the disapproval of the Secretary, in the following areas:

- quality and content of institution's programs and courses and relation to achieving stated objectives of the programs.
- adequacy of space, equipment, instructional materials and student support services.
- maintenance of supply and accuracy of catalogues, course outlines and schedules of tuition and fees.
- enforcement of standards relating to attendance and academic progress and maintenance of student records.
- compliance of safety and health laws and regulations.
- financial and administrative capacity.
- provision for the institution of students in the event of a school closing.
- relationship of educational programs to providing useful employment in recognized occupations in the state.

Section 497(e)—provides that the state may not rely on accreditation or compliance audits to satisfy these standards.

Section 497(f)—allows state approving agency to contract with a private agency or body for assistance in performing the state approving agency functions.

Section 497(g)—prohibits Secretary from requiring states to establish unrelated standards or standards that violate the state's laws or constitution.

Section 497(h)—allows states to set differential standards for different types of institutions.

Section 497(i)—allows a state to determine that an institution should be disapproved from Federal student aid eligibility.

Section 497(j)—prohibits state approving agency from performing financial or compliance audits.

Section 497(k)—approving agency must establish method for receiving and responding to consumer complaints.

Section 497(l)—allows states to establish enforcement mechanisms including assessing fees, conducting on-site investigations and pressing criminal or civil charges.

Section 497A—provides definition..

Section 497B—provides for effective dates.

Section 499—makes conforming amendments to the Omnibus Budget Reconciliation Act of 1990 and the Higher Education Technical Amendments of 1991 to conform expiration dates to the expiration date on these amendments.

TITLE V—EDUCATOR RECRUITMENT, RETENTION, AND DEVELOPMENT

Section 501—amends title V to read as follows:

Section 501—states the findings and the purpose of the title.

Section 502—provides for the authorization of appropriations. For Part A, State and Local Programs for Teacher Excellence, there are authorized to be appropriated \$400,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal

years; for Part B, Subpart 1, Paul Douglas Teacher Corps Scholarships, there are authorized to be appropriated \$25,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years; for Subpart 2, Christa McAuliffe Fellowship, there are authorized to be appropriated \$15,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years; for Part C, Subpart 1, National Mini Corps, there are authorized to be appropriated \$15,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years; for Subpart 2, National Teacher Board, there are authorized to be appropriated \$20,000,000 for the period beginning October 1, 1992 and ending September 30, 1997; for Subpart 3, Partnerships for Innovative Teacher Education, there are authorized to be appropriated for FY 1993 \$20,000,000 and such sums as may be necessary for the four succeeding fiscal years; for Subpart 4, Teacher Opportunity Corps, there are authorized to be appropriated \$50,000,000 for FY 1993 and such sums as may be necessary for the four succeeding years; for Subpart 5 National Teacher Job Bank Demonstration, there are authorized to be appropriated \$2,000,000 for FY 1993, and such sums as may be necessary for the four succeeding fiscal years; for Subpart 6, Midcareer Teacher Training for Nontraditional Students, there are authorized to be appropriated \$5,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years; for Subpart 7, Alternative Routes to Teacher Certification and Licensure, there are authorized to be appropriated \$15,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years; for Subpart 8, Training for Teachers of Drug-Exposed Children, there are authorized to be appropriated \$15,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years; for Subpart 9, Teacher Recruitment and Placement, there are authorized to be appropriated \$20,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years; and for Subpart 10, Partnerships for Encouraging Minority Students to Become Teachers, there are authorized to be appropriated \$20,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

Part A—State and Local Programs for Teacher Excellence

Section 511—states the purpose of the part as providing funds to State and local educational agencies and institutions of higher education in order to update and improve the skills of classroom teachers (including preschool and early childhood education teachers), and school administrators and to provide for a comprehensive examination of State requirements for teacher preservice and certification.

—funds are allotted to the States on the basis of school-aged population. The State educational agency may reserve up to 3% of the funds for administering programs under this part. Within the State, 50% of the funds are allotted to local educational agencies on the basis of school-aged population; 25% is reserved by the State educational agency for State activities; 25% is reserved by the State educational agency for grants to institutions of higher education. If the appropriations for this part is less than \$250,000,000, the State shall make competitive

grants to local educational agencies instead of distributing funds by formula.

Section 512—requires a State desiring to receive an allotment under this part to submit an application to the Secretary. Among other items, the State must provide assurances that the chief State school officer will convene a committee of representatives of the education interests in the State to advise the State educational agencies on activities authorized under this part.

Section 513—requires local educational agencies desiring to receive an allotment under this part to submit an application to the State educational agency. Local educational agencies receiving funds under this part must use funds to conduct teacher inservice activities and may use funds to conduct teacher recruitment activities and to establish partnerships with business.

Section 514—requires State educational agencies receiving an allotment under this part to conduct a comprehensive examination of the State's requirements for teacher preservice and certification. The State may use funds to establish State Academies for Teachers or State Academies for School Leaders. When the study of teacher preservice and certification requirements is completed, the State educational agency must allocate 75% of its funds to implementing the study findings.

Section 515—requires institutions of higher education desiring to receive a grant under this part to submit an application to the State educational agency. Institutions of higher education may apply for grants to assist local educational agencies in providing inservice education activities to teachers; to improve training for preschool and early childhood education specialist; to improve teacher education programs in order to further innovation; to integrate academic and vocational education instruction in teacher education programs; and to conduct teacher recruitment activities. When the study of State teacher preservice and certification requirements is completed, the State educational agency shall make grants to institutions of higher education to implement the study's findings.

Section 516—requires that entities participating in programs under this part use the funds provided to supplement non-Federal funds and in no case supplant such funds.

Section 517—requires that if a State educational agency receives funds under the Neighborhood Schools Improvement Act that activities conducted under Part A be consistent with the goals and objectives of the State plan required by that Act.

Part B—Teacher Scholarships and Fellowships

Subpart 1—Paul Douglas Teacher Corps Scholarships

Section 521—states the purpose of the subpart to make grants through the States for scholarships to individuals who are outstanding high school graduates and who demonstrate an interest in teaching.

Section 522—allocates funds to the States on the basis of school-aged population.

Section 523—requires a State desiring to receive a grant under this part to submit an application to the Secretary. Such applications must, among other items, provide assurances that scholarship

recipients will, within a 10 year period, teach in a school for two years for every one year of assistance, or if a recipient teaches in a shortage area or if the recipient is a member of a minority group who teaches in a minority majority school, teach for one year for every year of assistance.

—requires the State educational agency and the State higher education agency to develop criteria for awarding scholarship recipients. Special consideration shall be given to individuals who plan to teach disabled students, limited English proficient students, or preschool children or who intend to teach in curricula areas where there is a demonstrated shortage of qualified teachers. A priority consideration shall be given to individuals from minority groups.

Section 524—provides for a scholarship of \$5,000 for each academic year for each recipient except that no individual shall receive assistance for more than 4 years. The scholarship shall be taken into account when awarding other forms of financial aid. In no instance shall the aid provided exceed financial need or the cost of attendance.

Section 525—requires that a scholarship recipient be selected by a 7-member statewide panel appointed by the chief State elected official. Eligible recipients shall be selected from the top 15% of their graduating class. The State may waive certain criteria for selecting scholarship recipients for up to 25% of the scholarships awarded.

Section 526—states the conditions for continuing to receive a scholarship as (1) enrollment as a full-time student at an accredited postsecondary institution; (2) pursuing a course of study leading to teacher certification; and (3) maintaining satisfactory progress.

Section 527—requires scholarship recipients to repay at a pro rata amount, with interest, the scholarship award if the recipient fails to meet the conditions for the scholarship.

Section 528—states the exceptions for the repayment provisions.

Section 529—states the procedures for administrative review if a State's application is not approved by the Secretary.

Section 530—defines the term "shortage areas."

Subpart 2—Christa McAuliffe Fellowship Program

Section 531—states the purpose of this subpart as establishing a national fellowship program for outstanding teachers. Individuals receiving an award under this subpart shall be known as "Christa McAuliffe Fellows."

Section 532—allows up to 5% of funds to be used for administration of the program.

Section 533—authorize one fellowship award to be made in each congressional district. The amount of the fellowship cannot exceed the average national salary of public school teachers. A teacher may not receive an award for 2 consecutive years. A fellow must return to a teaching position in their school district for at least 2 years after receiving the award. Fellows may use awards for projects to improve education.

Section 534—recipients shall be selected by a 7-member statewide panel convened by the chief State elected official.

Section 535—requires individuals wanting assistance under this subpart to submit an application to the statewide panel after the application has been reviewed by the local educational agency.

Section 536—requires repayment of the award in the case of fraud or gross noncompliance.

Section 537—requires the Secretary to establish a clearinghouse or to otherwise provide for the collection and dissemination of information on exemplary projects under this subpart.

Part C—National Program

Subpart 1—National Mini Corps Programs

Section 541—states the purpose of this subpart as to provide grants to institutions of higher education to establish partnerships with local educational agencies in order to carry out the National Mini Corps program. Includes the definitions for this subpart.

- the partnerships shall operate programs for college students who participate in the TRIO programs or who are migrant students; such students shall provide educational services to students who are participating in Chapter 1 or who are migrant students.
- institutions of higher education shall submit an application to the Secretary. Awards shall be distributed equitably on a geographic basis.
- requires that not more than 15% of any grant be used for administrative costs.

Subpart 2—National Teacher Board

Section 546—contains the definitions for this subpart. Authorizes the Secretary to provide financial assistance to the National Board for Professional Teaching Standards in order to pay the Federal share of the cost for research and development activities directly related to the development of teacher assessment and certification procedures for elementary and secondary education. Provides restrictions on the Board regarding procedures that the Board must follow regarding these funds.

- the priorities for research and development activities shall be in mathematics, the sciences, foreign languages, and literacy. There shall also be a priority for research and development activities concerning the certification of elementary and secondary school teachers and the need and ability of such teachers to teach special educational populations.
- the Board must submit an application to the Secretary. The Federal share of activities shall be 50%. The Board must submit an annual report of Congress.
- the Secretary shall reserve not more than 2% of the amount appropriated for an independent, on-going evaluation of the research program authorized under this subpart.

Subpart 3—Partnerships for Innovative Teacher Education

Section 551—provides the findings of this subpart.

Section 552—provides the purpose of this subpart as providing grants to partnerships for the establishment of teaching schools in order to improve teacher education.

Section 553—authorizes the Secretary to make grants and enter into contracts with eligible entities to plan, establish, and operate teacher schools and to put into practice the best knowledge about teaching. Provides the definitions for this subpart.

—awards are made for a one year planning grant of up to \$250,000 per State or a one-year implementation grant of up to \$2,000,000 per State. An implementation grant may be renewed for up to four additional years.

Section 554—requires eligible entities desiring to receive a grant to submit an application to the Secretary. Priority for awarding the grants shall be given to applicants that select teaching sites on the basis of need (high teacher attrition rate); propose projects that demonstrate a strong commitment or previous support for innovation; projects that demonstrate collaboration with other organizations; and projects that demonstrate a potential for a significant impact on the quality of the future education work force.

Section 555—funds may be used for the planning, establishment and operation of teaching schools.

Section 556—authorizes the Secretary to reserve up to 3 percent for national activities related to this subpart, including the dissemination of findings and technical assistance. The Federal share of the cost of activities under this subpart shall be 33⅓ percent.

Section 557—defines the term "teacher" under this subpart.

Subpart 4—Teacher Opportunity Corps

Section 561—states the purpose of this subpart as encouraging institutions of higher education to offer programs and financial assistance that would enable paraprofessionals working in shortage areas schools and serving disadvantaged students to become certified or licensed teachers.

Section 562—contains the definitions for this subpart.

Section 563—allocates funds to States on the basis of the Chapter 1 formula and provides for a small State minimum grant of \$500,000.

Section 564—provides for the agreements that the administering agency must make with the Secretary, including that the State administering agency will use no more than 5% of the funds for administrative expenses.

Section 565—requires the State to submit an application to the Secretary.

Section 566—lists the general criteria for awarding grants to States. States must assure that an individual receiving assistance under this subpart must, within the 10-year period after completing postsecondary education, act as a teacher in a shortage area for one year for each year of assistance.

—funds may be used to provide student financial assistance to paraprofessionals in order to pay all or part of the costs of attendance; instructional and supportive services for such paraprofessionals; and child care expenses.

Subpart 5—National Job Bank for Teacher Recruitment

Section 571—requires the Secretary, through OERI, to conduct a study on the feasibility of establishing a clearinghouse to operate a national teacher job bank.

Section 572—authorizes the Secretary, through OERI, to establish a Teacher Job Bank Clearinghouse. Entities desiring to receive a grant under this subpart shall submit an application to the Secretary. Priority for grants shall be given to entities that are representative of a region in the United States; and demonstrate an ability to address shortages of teachers.

Section 573—lists the uses of funds for this subpart.

Section 574—defines the term "teacher" for this subpart.

Subpart 6—Midcareer Teacher Training for Nontraditional Students

Section 581—states the purpose of this subpart as encouraging institutions of higher education with schools or departments of education to establish and maintain programs that will provide teacher training to individuals who are moving to a career in education from another occupation.

Section 582—authorizes the Secretary to make grants on a competitive basis to institutions of higher education. Recipients shall receive an initial planning grant for use during the first 2 years. Institutions which demonstrate successful performance with the planning grant shall receive a renewal grant for 2 additional years.

Section 583—lists the requirements for the content of the applications. Requires that the applications be reviewed by a panel of experts in teacher training. To the extent possible, the Secretary shall select a grantee from each of the 10 regions.

Section 584—states that the initial planning grant shall not exceed \$100,000 for the 2 years for which it is available. The renewal grant shall not exceed \$50,000 for each of the 2 years that it is available.

Section 585—requires each institution of higher education receiving a grant under this subpart to submit to the Secretary reports and other information that the Secretary deems necessary. The Secretary is required to disseminate such information to other institutions of higher education.

Subpart 7—Alternative Routes to Teacher Certification and Licensure

Section 586—gives the short title of this subpart as the Alternative Routes to Teacher Certification and Licensure.

Section 587—provides the findings for this subpart.

Section 588—gives the purpose of this subpart as to improve the supply of well-qualified teachers by encouraging and assisting States to develop and implement programs for alternative routes to teacher certification or licensure.

Section 589—provides for the allotment of funds to the States to be the lesser of either the amount for which the State applies or an amount that is proportional to the State's share of the total population of children ages five to seventeen.

Section 590—provides for the requirements for the applications, including a description of the programs, projects, or activities to be undertaken; and assurances required by the Secretary.

Section 591—authorizes a State to use funds to support programs, projects, or activities that develop or implement new, or

expand and improve existing programs that enable individuals to move to a career in education from another occupation.

Section 592—requires that State educational agencies receiving funds under this subpart coordinate activities within the State with institutions of higher education that received funding under the Midcareer Teacher Training program.

Section 593—provides for the definition under this subpart. Also, provides for the expiration date of this subpart as July 1, 1995.

Subpart 8—Training for Teachers of Drug-Exposed Children

Section 549—authorizes the Secretary to make grants to schools of education at institutions of higher education to support the development and instruction in the use of curricula and instructional materials that provide effective strategies for educating drug-exposed children. Priority for grants is given to institutions of higher education located in communities with of excessive drug-related activities.

- grant recipients must agree to disseminate the curricula and materials developed under this subpart.
- The Secretary is required to establish a clearinghouse to compile and make available the curricula and instructional materials developed under this subpart.

Subpart 9—Teacher Recruitment and Placement

Section 594A—authorizes the Secretary to make grants to institutions of higher education to pay the Federal share of the cost of programs to recruit, prepare, and train students to become teachers and to place the students in schools where at least 50% of the students enrolled are from minority groups. The Secretary is required to give a priority to HBCUs in making the grants.

Section 594B—States the uses of funds.

Section 594C—requires eligible entities to submit an application to the Secretary.

Section 594D—generally requires that the Federal share of the grants be 75%, except that the Secretary may, after evaluating and monitoring programs, increase the Federal share to 85% for programs that have demonstrated success.

Subpart 10—Partnerships for Encouraging Minority Students to Become Teachers

Section 595A—authorizes the Secretary to make grants to partnerships of institutions of higher education and local educational agencies in order to develop and carry out programs to identify and encourage minority students in the 7th through 12th grade to become teachers.

Section 595B—in order to be eligible to receive a grant, an institution of higher education and a local educational agency must enter into a written partnership agreement.

Section 595C—authorizes that funds be used for programs to encourage minority students to prepare to become teachers.

Section 595D—requires eligible entities to submit an application to the Secretary.

TITLE VI—INTERNATIONAL EDUCATION PROGRAMS

Section 601—amends the title to “read as follows” in order to add section, subsection, and paragraph headings and other technical amendments which add clarity to the title. Amendments to the title in a non-technical nature are as follows:

- amends section 601 to include the development of a pool of international experts to meet national needs as one of the purposes of the title.
- adds to the list of authorized activities under section 602 the cost of establishing and maintaining linkages with overseas institutions of higher education.
- authorizes the Secretary under section 602 to make grants for linkage or outreach between and among institutions of higher education (including 2 and 4 year institutions), the media, businesses, professional associations, government departments and agencies, etc.; and authorizes summer institutes to be established to carry out such linkages.
- authorizes the Secretary under section 602 to make grants to institutions of higher education in order to pay stipends to students beginning their third year of graduate study (previously such awards were authorized to made to individuals by the Secretary on a national basis).
- amends section 604 to create two programs; one program for grants to institutions wishing to establish new programs or curricula in area studies, foreign languages, and other international fields; and a one program for grants to institutions to strengthen programs of demonstrated excellence in international studies and foreign language programs.
- amends section 606 to add additional authorized activities for the research and studies under this title including studies to determine the need for increased or improved instruction in foreign language and area studies, and studies to determine the utilization of students who have graduated from programs assisted under this title in government, education and the private sector.
- amends section 607 periodicals program to expand activities to include the acquisition of and provision of access to other research materials published outside the United States. Also, amends section 607 to add criteria for evaluating applications for section 607 grants. There are authorized to be appropriated for section 607 \$8,500,000 for FY 1993 and such sums for the four succeeding fiscal years.
- amends section 609 to require the Secretary to ensure that an appropriate percentage of funds under this title will be expended for grants to undergraduate education.
- amends section 610 to authorize to be appropriated for Part A \$100,000,000 for FY 1992 and such sums as may be necessary for the four succeeding fiscal years.
- amends section 612 to add to the list of required activities opportunities for business students to study abroad in locations which are important to the existing and future economic well-being of the United States.

- amends section 612 to add to the list of permissible activities the establishment of linkages overseas with institutions of higher education and summer institutes in international business, foreign area studies and other international studies.
- amends section 613 to include in the list of authorized activities the establishment of linkages overseas with institutions of higher education and summer institutes in international business, foreign area and other international studies.
- amends section 614 to authorize to be appropriated \$10,000,000 for FY 1993 and such sums for the four succeeding fiscal years to be appropriated for the Centers for International Business Education; and to authorize to be appropriated \$7,500,000 for FY 1993 and such sums for the four succeeding fiscal years to be appropriated for Education and Training programs.
- amends section 622 to include a definition of the term “critical languages”.
- adds a new section 632 to establish a funding limitation for new programs. The section requires that appropriations for Title VI programs existing prior to these amendments receive an appropriation equal to the level received in FY 1992 before the new title VI programs can receive an appropriation.
- adds a new Part D program to authorize the establishment of an Institute for International Public Policy which will conduct a program to significantly increase the number of African Americans and other minorities in the foreign service of the United States. Eligible institutions include HBCUs, institutions of higher education with substantial numbers of minority students, and institutions with nationally recognized programs in training foreign service professionals. The Institute is required to conduct an academic year abroad program. The Institute is also required to offer a program of study leading to a masters degree in international relations and may grant fellowships in an amount not to exceed \$15,000 annually. Fellowship recipients must agree to enter the foreign service, international service or international voluntary service of the United States. The Institute is also required to provide academic year internship program for college sophomores and juniors to work in an international voluntary or government agency. There is authorized to be appropriated \$15,000,000 for FY 1993 and such sums for the four succeeding fiscal years.

TITLE VII—CONSTRUCTION, RECONSTRUCTION, AND RENOVATION OF ACADEMIC FACILITIES

Section 701—amends section 701 of the title by permitting the funding of projects which relate to one or more of the stated priorities, but which primary purpose is not necessarily one of those stated in the law; amends the priority for library and research facilities to emphasize the use of new technologies and preservation of library materials; amends the priority on funding preservation of library materials; amends the priority on funding for renovation projects such that funding for construction projects is not ruled out.

Section 702—provides for the authorization of appropriations for programs under the title. There are authorized to be appropriated for Part A, \$50,000,000 for FY 1993 and such sums for the four succeeding fiscal years; there are authorized to be appropriated for Part B, \$50,000,000 for FY 1993 and such sums for the four succeeding fiscal years; there are authorized to be appropriated for Part C \$100,000,000 for FY 1993 and such sums for the four succeeding fiscal years; and there are authorized to be appropriated for Part D \$25,000,000 for FY 1993 and such sums for the four succeeding fiscal years.

Section 703—amends the Part A program to read as follows so that the program is simplified. Funds are provided to institutions of higher education from the Secretary, after review by a peer review panel. Part A, under current law provides funds on a formula basis to States and requires a State plan.

Section 704—combines the current law Part C and Part F programs into one loan authority for undergraduate and graduate construction, reconstruction, and renovation of academic, housing, and other educational facilities. Also, the wait out period for an institution to be eligible to apply for another loan is changed from ten years to five years.

—repeals Part F.

—repeals Part G.

Section 705—authorizes a new Part F program for capital financing for historically Black colleges and universities. The new Part F authorizes federal assistance to facilitate low-cost capital for HBCUs in order to enable such colleges and universities to continue and expand their educational mission and enhance their role in American higher education.

Section 706—repeals Part J.

TITLE VIII—COOPERATIVE EDUCATION

Section 801—provides for the authorization of appropriations for the title. There are authorized to be appropriated \$45,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

—revises the percentages set asides such that 53% of the appropriation will be allocated for new programs; 22% for established programs; 11% for demonstration projects; 11% for training and resource centers; and 3% for research.

Section 802—amends the application section to provide for separate application requirements for new and established programs respectively.

—amends section 802 to add a requirement that institutions which have received a grant under this title during the 10 preceding fiscal years shall be ineligible to receive a grant.

—requires that an application for a grant include a formal statement of the institution's commitment to cooperative education.

—requires that an applicant receiving a grant report on the number of unduplicated student applicants in the program; the number of unduplicated students placed in co-op jobs; the number of employers who have hired co-op students; the total income for all students derived from working in co-op jobs; and

- the increase or decrease in the number of students placed in co-op jobs in the program during the second previous year compared to the previous year.
- reduces the federal share of the cost of a cooperative education program to 85% in the first year, declining to 25% in the fifth year.
 - amends section 802 to provide guidelines for grants to established programs.
 - amends section 802(e) to require that applicants for the demonstration and innovator projects show the strength of the institution's commitment to cooperative education.
 - makes other technical and conforming changes.

TITLE XI—GRADUATE PROGRAMS

Section 901—amends the title to provide for coordinated administration of the programs assisted under this title and grants the Secretary hiring authority to appoint employees to administer these programs who have the appropriate educational background.

Section 902—amends the Part A program to add women to the individuals who may benefit from Part A programs. Also, requires institutions receiving Part A grants to provide such information as the Secretary requires, including the names, addresses and institutions attended of the students who participated in the summer internship program so that such information may be made available to institutions of higher education seeking to identify talented women and minorities undergraduates for graduate study.

Section 903—amends Part B to create two programs: Postbaccalaureate Opportunity Fellowship program and the Patricia Roberts Harris Graduate Fellowship program.

- The Postbaccalaureate program provides fellowships for masters or professional degree study, placing an emphasis on fellowships for woman and underrepresented groups and a priority for fellowships for study that leads to careers that serve the public interest. Institutions participating in the program shall receive an institutional payment of \$10,000 for each fellow in fiscal year 1992; such payment shall be indexed to inflation in subsequent years. The stipend paid to the student shall be at a level of support comparable to that provided by the National Science Foundation except such amount shall not exceed the level of need. Fellowship assistance is provided for two years, although the Secretary may, after review, provide for an additional year of study.
- The Patricia Roberts Harris Graduate Fellowship program provides fellowships for doctoral degree study for women and individuals from underrepresented groups. Institutions participating in the program shall receive an institutional payment of \$10,000 for each fellow in fiscal year 1992; such payment shall be indexed to inflation in subsequent years. The stipend paid to the student shall be at a level of support comparable to that provided by the National Science Foundation, except that such amount shall not exceed the level of need. Fellowship assistance is provided for three years, although the Secretary may, after review, provide for an additional year of study. Institu-

tions must provide for two years of support for the fellows, which includes one year of supervised teaching.

Section 904—amends the Part C program to increase the number of Javits fellows awarded to 600. Fellowship assistance is set at a level of support comparable to that provided by the National Science Foundation, except such amount shall not exceed the level of need. Institutions with Javits fellows shall receive an institutional payment of \$10,000 for each fellow in fiscal year 1992; such payment shall be indexed to inflation in subsequent years.

Section 905—amends the Part D program to allow fellowship awards to students who are pursuing a doctoral degree after having completed a masters degree at an institution of higher education. Fellowship assistance is set at a level of support comparable to that provided by the National Science Foundation, except such amount shall not exceed the level of need. Institutions participating in the program shall receive an institutional payment of \$10,000 for each fellow in fiscal year 1992; such payment shall be indexed to inflation in subsequent years.

Section 906—Part E is amended "to read as follows" so as to name the Council on Legal Education Opportunity (CLEO) as the recipient of the grant or contract to administer the Assistance for Training in the Legal Profession program. Up to six percent of the funds appropriated for this part may be used by CLEO for administrative costs. Provides that funds may be used for law school application and placement assistance, six-week intensive summer academic program; and an academic year tutorial services, with advice and counseling.

Section 907—amends the Part F to allow grants to be made for continuing Law School Clinical Experience programs in addition to making grants for establishing and expanding such programs.

Section 908—authorizes a new Part G program for grants to institutions to encourage minorities to enter the higher education professorate. Such fellowships shall be known as "Faculty Development Fellowships". Stipends are provided to assist individuals in obtaining Ph.D.'s in exchange for teaching in an institution of higher education for two years for every one year of assistance received.

—adds a new Part H which provides for the authorization of appropriations. For Part A, Grants to Institutions to Encourage Women and Minority Participation in Graduate Education, there are authorized to be appropriated \$25,000,000 for FY 1993 and such sums for the four succeeding fiscal years; for Part B, Subpart 1, Postbaccalaureate Opportunity Fellowships, there are authorized to be appropriated \$50,000,000 for FY 1993 and such sums for the four succeeding fiscal years; for Part B, Subpart 2, Patricia Roberts Harris Graduate Fellowships, there are authorized to be appropriated \$50,000,000 for FY 1993 and such sums for the four succeeding fiscal years; for Part C, Jacob K. Javits Fellows Program, there are authorized to be appropriated \$50,000,000 for FY 1993 and such sums for the four succeeding fiscal years; for Part D, Graduate Assistance in Areas of National Need, there are authorized to be appropriated \$50,000,000 for FY 1993 and such sums for the four succeeding fiscal years; for

Part E, Assistance for Training in the Legal Profession, there are authorized to be appropriated \$5,000,000 for FY 1993 and such sums for the four succeeding fiscal years; for Part F, Law School Clinical Experience Programs, there are authorized to be appropriated \$10,000,000 for FY 1993 and such sums for the four succeeding fiscal years; and for Part G, Grants to Institutions to Encourage Minorities to Enter the Higher Education Professorate, there are authorized to be appropriated \$50,000,000 for FY 1993 and such sums for the four succeeding fiscal years.

TITLE X—POSTSECONDARY IMPROVEMENT PROGRAMS

Section 1001—authorizes the Secretary to make planning grants of not more than \$20,000 to institutions of higher education for the development and testing of innovative techniques in higher education.

—provides for the authorization of appropriations for the programs under Part A. There are authorized to be appropriated \$20,000,000, for part A (except Section 1001(b)), for FY 1993 and such sums as may be necessary for the four succeeding fiscal years; and for Section 1001(b), there are authorized to be appropriated \$1,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

Section 1002—places an emphasis on minority women in Part B programs and provides that for Part B, there are authorized to be appropriated \$10,000,000 in FY 1993 and such sums as may be necessary in the four succeeding fiscal years.

Section 1003—amends Part C to read as follows. Authorizes the Secretary to make grants to institutions of higher education, and other public agencies and non-profit organizations for innovative projects in one or more areas of national need. Initially the areas of national need shall include international exchanges, campus climate and culture, and evaluation and dissemination. There are authorized to be appropriated \$5,000,000 for FY 1993 and such sums for the four succeeding fiscal years.

Section 1004—amends title X to create a new Part D Women and Minorities Science and Engineering Outreach Demonstration program.

Section 1071—provides the purpose of the program to provide grants to institutions of higher education in partnership with elementary and secondary schools to establish outreach programs for female and minority students to increase the participation of such students in undergraduate and graduate science and engineering programs.

Section 1072—authorizes the Secretary to make grants to institutions of higher education in order to enhance, coordinate, develop and expand programs which identify and encourage female and minority students to pursue higher education in preparation for careers in science and engineering.

Section 1073—lists the criteria for eligible institutions. Requires that no less than 40% of the funds be awarded to institutions in the 10 largest metropolitan areas.

Section 1074—requires that grants be no less than \$500,000 in a single fiscal year and shall not be continued for a period to exceed five years. Grants may be used for the operation and administration of outreach programs to students, faculty development programs, curriculum development, dissemination of information about the outreach program, and other activities.

Section 1075—requires eligible institutions to submit an application to the Secretary.

Section 1076—requires that the Secretary provide for an annual independent evaluation of the programs assisted under this part.

Section 1077—states that the Federal share shall be 90% in the first year declining to 50% in the fifth year.

Section 1078—requires that institutions receiving funds under this part use such funds to supplement, and the extent practicable, increase the level of funds available, but in no case may the funds supplant funds from non-Federal sources.

Section 1079—establishes the authorization level for the program. There are authorized to be appropriated \$25,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

TITLE XI—STUDENT COMMUNITY SERVICES

Section 1101—amends title XI to read as follows. Creates a Part A program entitled “Higher Education Innovative Projects for Community Service” which was previously section 118 of the National and Community Service Act of 1990. Part A provides assistance to support innovative projects to encourage college students to participate in community service activities. There are authorized to be appropriated \$15,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

—includes as Part B the Student Literacy Corps program which was previously authorized under title I of the Higher Education Act. The program is amended to include a Student Mentoring Corps components. Part B provides assistance to institutions of higher education to promote the development of literacy corps and mentoring corps programs to be operated by such institutions in public community agencies. Students provide tutoring and mentoring services in the community, with a priority for such services to Chapter 1 students and illiterate parents of educationally or economically disadvantaged students. There are authorized to be appropriated \$15,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

—creates a Part C program entitled “Innovative Projects for Community Services and Student Financial Independence” which was previously authorized as Part C of title X of the Higher Education Act. Part C provides funds to support innovative projects to determine the feasibility of encouraging student participation in community service in exchange for educa-

tional services or financial assistance. There are authorized to be appropriated \$5,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

- creates a Part D program entitled "Community Service Learning" which was previously authorized under the College Work-Study programs of title IV of the Higher Education Act. Funds are provided to institutions of higher education to develop work-study programs involving eligible students in community service learning or to establish or expand a program whereby work-study students are employed in community service jobs. Part D program are funded through reallocated College Work-Study funds.
- creates a Part E competitive grant program that authorizes the Secretary to make grants to or enter into contracts with institutions of higher education for sexual offenses education and prevention programs. Two types of grants will be awarded. The first type shall be used to educate and provide support services to student victims of sexual offenses. The second type shall be grants for model demonstration programs to be coordinated with local rape crisis centers to provide services to student sexual offense victims and to develop rape prevention and education curricula. There are authorized to be appropriate \$20,000,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

TITLE XII—GENERAL PROVISIONS

Section 1201(a)—removes accreditation as a requirement for institutional eligibility.

Section 1201(b)—defines "secondary school," "local educational agency," "state educational agency," "elementary school" and "gifted and talented children" by referencing those definitions from the Elementary and Secondary Education Act.

Section 1201(c)—defines "disability" to have the same meaning as in the Americans with Disabilities Act of 1990.

Section 1202—clarifies that the Higher Education Act does not limit rights or responsibilities of individuals which are set forth under the Americans with Disabilities Act of 1990 or the Rehabilitation Act of 1973.

Section 1203—amends title XII to require that whenever an institution of higher education is owned or controlled by a foreign source or receives a gift from or enters into a contract with a foreign source, where the value of such gift or contract is \$250,000, such institution must file a disclosure report.

TITLE XIII—INDIAN HIGHER EDUCATION PROGRAMS

Part A—Tribally Controlled Community Colleges

Section 1301—reauthorizes the Tribally Controlled Community Colleges Act and the Navajo Community College Act for five years.

Part B—Higher Education Tribal Grant Authorization Act

Section 1310—Short title.

Section 1312—Findings.

Section 1313—Program Authority—creates the authority for the Secretary of the Interior to administer the Indian Scholarship Program (funded under the Bureau of Indian Affairs) by a grant mechanism, instead of the current contracting procedure. The authority for the funds for this activity remains the Snyder Act of 1921 a general authority. Nothing in this provision shall affect the trust responsibility of the Federal government to provide education.

Section 1314—Qualification for grants to tribes—authorizes tribes with current contracts for the administration of this program to qualify for a grant to administer the same program upon simple notice to the Secretary. Tribes not now contracting could submit applications for a grant pursuant to the same standards, practices, and procedures applicable to contracts on the date of enactment, and such applications would be approved unless specifically rejected within a stipulated period of time. Gives the period upon which either grants made pursuant to notice or to application shall become available. Continuing eligibility shall be automatic and not subject to annual review and/or reapplication if the tribe meets certain stipulated information and auditing requirements. Revocation of the grant for failure to meet the stipulated requirements can only be made after notice and provision of opportunity and assistance to make needed corrections.

Section 1315—Allocation of Grant funds—makes applicable to the grants under this part the same qualifications relating to needs analysis, student qualification and administration currently applicable to the contracts under this program. Administrative costs shall be determined by, and limited to the amount generated by the method used in the preceding fiscal year for tribes previously administering the program under contract or under regulations set forth, when relating to new tribal grantees, and shall be included as one grant. This grant shall be kept in an account separate from other tribal funds, and used for the purpose of making grants to eligible Indian students and administering this program.

Section 1316—Limitations on the use of funds—prohibits use for religious purposes, gives the schedule for receipt of grant payments by tribes, and authorizes tribes to invest the funds in certain instruments and retain the earnings to be used for the purposes of this Part.

Section 1317—Administrative provisions—requires a biennial report on this program by the Secretary and clarifies the role of the Director of the Office of Indian Education Programs in the administration of this program. Also, sets out the provisions of other applicable laws which shall apply to the program and gives authority and conditions for retrocession.

Part C—Critical Needs For Tribal Development Act

Section 1321—Short title.

Section 1322—Definitions.

Section 1323—Service Conditions Permitted—authorizes qualified tribes to, by formal action of the tribal council, designate certain fields of study as critical to the economic or human development needs of the specific tribe. Grants under the scholarship program funded under the Snyder Act through the Bureau of Indian Affairs for study in such areas shall be subject to repayment or service

agreement requirements, as stipulated in this Part. Such determinations by the tribal council shall not be subject to Interior Department review and shall be effective in the next subsequent fiscal year.

Section 1324—Critical Area Service Agreements—sets out the requirements and limitations for the service agreements to be entered into between the student and the applicable tribe or tribal organization governing service subsequent to completion of a course of study in a field designated as a critical area, or repayment of the grant amount. Sets out the terms and conditions for subsequent suspension or waiver of these requirements, and for the pro-rata reduction of the repayment obligation for partial completion of a service requirement. Requires tribal or tribal organization certification of service performance.

Section 1325—General provisions.

Part D—Institute of American Indian Native Culture and Arts Development

Section 1331—includes a series of amendments to the current authority, including: the expansion of the qualification requirements for nomination to the Board of Trustees; authority to allow the Board to comment upon nominees and to recommend continuation of current Board Members, with such Members terms to be extended unless the President takes intervening action; and changes to the general powers of the Board with respect to outside contracts, joint development ventures, and investment of funds. Amends the current pay provisions relating to staff, and gives the Board more flexibility in the administrative policies and organization of the Institute. Authorizes the Board to develop a policy on Indian preference in a number of areas, and makes a number of technical amendments to existing authority. Relieves the Institute of matching requirements to qualify for Federal grants and requires the development of a long-range construction and growth plan for the Institute within 18 months of the date of enactment of this Part.

Part E—Tribal Development Student Assistance Revolving Loan Program

Section 1341—Short title.

Section 1342—Findings and Purposes—grants under this part are to assist tribes or tribal organizations in identifying students who have successfully completed a partial course of postsecondary study and to encourage and assist those students in the completion of their postsecondary work, conditioned upon repayment of the loan or subsequent service by the student under stipulated terms. Eligible activities include support activities.

Section 1343—Revolving Fund—authorizes the establishment by tribes qualifying for grants under this part of a revolving loan account, to be comprised of the funds received under the grants, repayments from recipients and interest which accrues on such funds. Such funds would be used to carry out the activities under this Part.

Section 1344—Eligible Recipients—defines tribes and tribal organizations eligible to apply for these grants and students eligible to

receive assistance from such grantees. Such students must have successfully completed at least 30 hours of postsecondary education and be eligible for readmission to a postsecondary institution.

Section 1345—Terms of Loans—sets out the terms for repayment of loans made to students under this Part, including the forgiveness of such loan for subsequent service. Also, allows the tribe to consider additional costs of attendance and requires that a student first make use of all currently available funding sources for which they qualify.

Section 1346—Service fulfillment and conditions; repayments and waivers—sets out the requirements under which a loan may be forgiven (or discharged) through service to the tribe or tribal organization, including limitations and conditions upon such service and the provision for pro-rata reduction for partial completion of service, and the conditions under which suspensions or waivers may be made. Tribes or tribal organizations receiving these grants shall certify performance of subsequent service.

Section 1347—Administration—authorizes the Secretary of the Interior to establish an application process, subject to certain considerations, and stipulates there shall be five grants under this Part, made for a period of four years. Administrative costs shall be negotiated.

Section 1348—Authorization.

TITLE XIV—MISCELLANEOUS

Part A—Studies

Section 1401—requires the Secretary of Education to conduct a two-year study on the types of programs available for non-traditional students and whether these programs are successful in increasing accessibility for these students.

Section 1402—requires the Secretary of Education to evaluate the coordination of Federal student financial aid and other Federal assistance.

Section 1403—requires the Secretary to work through the National Center for Educational Statistics to conduct a national survey of factors associated with participation of low-income, disadvantaged, limited English proficient, and minority students. In the event the survey shows underrepresentation of these populations, the Secretary shall develop a plan to increase participation.

—includes a \$900,000 authorization for the Secretary to provide supplemental questions on Hispanic children on the Panel Survey on Income Dynamics.

Section 1404—requires the Secretary to conduct an evaluation of the effectiveness of early outreach programs and to encourage business community involvement through the dissemination of successful programs.

Section 1405—requires the Office of Educational Research and Improvement to conduct a study that will provide an assessment of information that is currently collected on graduate education. In conducting this study, OERI shall consult with other agencies and organizations involved in graduate education policy.

Section 1406—requires the Comptroller General to conduct an evaluation of the staffing requirements of the Department of Education's Center for International Education.

Section 1407—authorizes the Secretary, in cooperation with EPA, to conduct a study of the extent to which asbestos, lead in drinking water, or radon gas pose a threat to the health and safety of students and employees of institutions of higher education. There are authorized to be appropriated to carry out this study \$3,000,000 for FY 1993.

Section 1408—requires the Secretary to enter into an arrangement with the National Academy of Science's Commission on Behavioral and Social Sciences and Education to study civilian education training programs that are needed to satisfy the workforce requirements of the commercial aviation industry in the year 2000 and beyond.

Section 1409—clarifies the definition of education records under the Buckley amendment to distinguish that criminal records are separated from education records.

Section 1410—authorizes the Secretary to make grants to local educational agencies jointly with one or more institutions of higher education to establish programs to provide training and technical assistance to school-based decision-makers in local educational agencies implementing system-wide reform. There is authorized to be appropriated \$1,000,000 for FY 1993, and such sums as may be necessary for FY 1994 and 1995.

Part B—National Clearinghouse for Postsecondary Education Materials

Section 1411—authorizes the Secretary to award a grant or contract to establish a National Clearinghouse for Postsecondary Education Materials in order to coordinate the production and distribution of educational materials in an accessible form to college and university-based print handicapped population. There is authorized to be appropriated \$1,000,000 for FY 1993 and such sums as may be necessary for fiscal years 1994 and 1995.

Part C—National Center for the Workplace

Section 1421—establishes the purpose of this part as the establishment of a National Center for the Workplace, through the Department of Labor, that will join together experts from institutions of higher education and the private sector. The Center shall conduct research, share information, and propose remedies.

Section 1422—authorizes the establishment of the National Center for the Workplace. Defines "eligible recipient".

Section 1423—gives the use of funds which includes research, analysis of public policy, conducting seminars and national conferences, and providing for fellowships.

Section 1424—requires that a Board of Advisors be appointed for the Center.

Section 1425—authorizes the Center to receive money and other property donated, bequeathed, or devised to the Center.

Section 1426—gives the authorization of appropriations for this part as \$2,500,000 for FY 1993 and such sums as may be necessary for the four succeeding fiscal years.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

HIGHER EDUCATION ACT OF 1965

[TITLE I—POSTSECONDARY PROGRAMS FOR NONTRADITIONAL STUDENTS

[FINDINGS

[SEC. 101. The Congress finds that—

[(1) the increasing incidence of relocation and dislocation of industries and workers, the entry and reentry of adults into the labor force, and the rapid rate of change in technology, the economy, population demographics, and social conditions, necessitate significant improvement in postsecondary educational opportunities for adults in all stages of life;

[(2) the majority of adults who continue their education do so for job-related and career-oriented reasons or to fulfill admissions requirements for educational or vocational training;

[(3) minority-group citizens comprise the fastest growing segment of the population and labor force, yet are underrepresented in adult education programs;

[(4) access to postsecondary educational opportunities is limited for adults whose educational needs have been inadequately served, or for those whose age, sex, race, disability, national origin, rural isolation, or economic or personal circumstances (such as marital status or responsibility with regard to dependent children) are barriers to such opportunities;

[(5) enrollment of adult learners (including individuals aged 50 and over) approaches or equals that of traditional students in postsecondary institutions and such enrollment patterns are changing the demography of postsecondary education;

[(6) the organizational structure and administration of postsecondary institutions often represents a significant barrier to matriculation for the adult learner and such institutions need to adapt themselves to integrate adult learners;

[(7) the Federal Government should encourage the development of institutional partnerships between the public and private sectors and postsecondary institutions for the purpose of planning and implementing effective educational programs and services for the adult learner; and

[(8) it is in the interest of the Federal Government to support continuing education for adults in order to reduce unemployment and underemployment, enhance job opportunities, and promote a well-trained, flexible, internationally competitive work force and an educated citizenry.

[DEFINITIONS

[SEC. 102. For the purpose of this title—

[(1) the term "continuing education" means postsecondary instruction and support services that are designed to meet the educational needs of adult learners;

[(2) the term "adult learner" means an individual who by reason of personal circumstance, age, gender, disability, minority status, income, rural isolation, economic or educational disadvantage, marital status, presence of dependent children, lack of or need for new employment skills (including skills needed to pursue a new career) or other significant barrier (A) is not a traditional student, and (B) engages in some form of structured postsecondary study to improve the individual's knowledge, information skills, or employment opportunities;

[(3) the term "eligible institution" means an institution of higher education, combinations of institutions of higher education, or consortia of any such institutions; and

[(4) the term "qualified entity" means a public or nonprofit private organization which has—

[(A) experience in administering a program consistent with the requirements of this title; and

[(B) demonstrated the ability to coordinate, manage, and provide technical assistance to programs that receive grants under this title.

[LIMITATION ON CONTRACT AUTHORITY]

[SEC. 103. The authority to enter into contracts under this title is subject to the availability of appropriations.

[PART A—PROGRAM AND PLANNING GRANTS]

[INSTITUTIONAL DEVELOPMENT]

[SEC. 111. (a) PURPOSE.—It is the purpose of this section—

[(1) to assist eligible institutions to establish programs relating postsecondary education resources more closely to the continuing educational training needs of the American work force;

[(2) to help strengthen the capacity of postsecondary institutions to respond to the continuing education needs of adults, especially adults—

[(A) dislocated by technological and economic change,

[(B) seeking entry, reentry, or progression in the work force after prolonged absences due to marriage and child-rearing;

[(C) isolated from educational resources due to age or geographic location;

[(D) seeking entry into nontraditional occupations for their race or sex;

[(E) receiving aid to families with dependent children;

[(F) who are functionally illiterate; and

[(G) who desire to pursue a new career; and

[(3) to support cooperative arrangements between eligible institutions, community-based organizations, and private and public sector employers that will facilitate meeting the goals of paragraphs (1) and (2).

[(b) GRANT.—To carry out the purpose of this section, the Secretary shall make grants to, and enter into contracts with, eligible institutions for activities, such as—

[(1) structuring an academic program designed to facilitate the attendance of working students, parents caring for dependent children, and individuals seeking to reenter the educational system;

[(2) making academic programs available to adult learners at convenient times and locations;

[(3) the encouragement of resource sharing for innovative uses of technology, including telecommunications (on an interstate or intrastate basis) to overcome barriers to continuing education opportunities and to develop innovative delivery systems for education programs;

[(4) the creation or expansion of education programs and curriculum, including adult literacy efforts, designed to meet the present and future needs of the labor market;

[(5) the development of cooperative relationships between business and labor organizations, community-based organizations and agencies which provide opportunities for continuing education;

[(6) the removal of barriers posed by previous education, training, age, sex, race, handicap, national origin, rural location, or economic circumstance which may place adults at a disadvantage in seeking continuing educational opportunities;

[(7) educational information, including literacy information, student financial assistance information, and occupational information and counseling services designed to meet the special needs of inadequately served adults and to assist their entry or reentry into continuing education and the labor force;

[(8) training for administrators, faculty, and staff to improve their ability to teach and serve adult learners; and

[(9) development of remedial instruction programs for adult learners to enable them to enroll in college-level educational programs.

[(c) ADDITIONAL USE OF FUNDS.—(1) Funds awarded under this section to any eligible institution shall be used for the purposes under subsection (b), except that, to a limited extent as approved by the Secretary, such funds may also be used for program planning and development to carry out the purposes of this section including—

[(A) making adult and continuing educational opportunities available at convenient times and locations, including off-campus locations;

[(B) evaluating the responsiveness of continuing education program to the work and career-related objectives of adults;

[(C) developing or expanding educational and occupational information and counseling services to meet the special needs of adults, including information concerning available forms of student financial assistance;

[(D) training of personnel in continuing education programs to improve their ability to serve adult learners;

[(E) developing or expanding high-technology delivery systems and curricula to ensure closer development and career transitions for adult learners;

[(F) joint planning and implementation activities between institutional and private sector representatives to expand educational opportunities;

[(G) promoting the sharing of personnel and resources between an eligible institution and an employer;

[(H) contributing to dependent care programs for low income participants in adult and continuing education and the development of dependent care programs; and

[(I) encouraging and developing collaborative efforts between the institution or institutions and combinations of education institutions, private and public institutions, organizations, business, and labor to develop programs responsive to current employment and economic conditions.

[(2) Funds made available under this section may not be used—

[(A) to purchase or rent facilities to be used in connection with the program or for general operational overhead of the eligible institutions; or

[(B) to pay stipends or provide direct financial assistance to any individual participating in the programs established under this section.

[(d) APPLICATIONS FOR ASSISTANCE.—(1) Any eligible institution may submit an application to the Secretary at such time, in such form, and containing such information, as may be necessary to enable the Secretary to evaluate the need for assistance. The Secretary shall make awards on a competitive basis.

[(2) Each such application shall—

[(A) provide evidence that the eligible institution has identified the educational needs of potential adult learners in the area served by the applicant, especially adults identified in subsection (a)(2);

[(B) describe the current continuing education program offered by the eligible institution (including information concerning the professional competence of faculty and staff, their degree of participation in the continuing education program, and institutional resources committed to the continuing education program) and the activities proposed to be developed or assisted to meet the purposes of this section;

[(C) provide assurance that Federal funds made available under this section will comprise not more than 87.5 percent of the cost of the program in the second year, and 75 percent in the third year;

[(D) describe procedures for evaluating the effectiveness of the activities for which a grant or contract is awarded under this section;

[(E) provide for such financial controls and accounting procedures as are necessary to ensure proper disbursement and accounting for funds made available to the applicant under this section and to ensure the funds made available under this section for any fiscal year will be used to supplement and, to the extent practical, increase the funds that would otherwise

be made available for the purpose of this section and in no case supplant those funds;

[(F) provide assurances that the continuing education programs, services, and activities, funded under this section will not be limited to individuals who are enrolled in programs of study that lead to baccalaureate or graduate degrees, but will also include programs for adults enrolled in noncredit continuing education programs, that address the purposes of this section;

[(G) provide assurances that the program funded under this section does not duplicate existing State funded programs, and, in the case of any public institution, that the proposed program is consistent with the State's goals for that institution;

[(H) provide the projected number of students who will participate in the program and the proposed operational budget for the program, including the specific amounts proposed to be expended for salaries;

[(I) include assurances that the applicant intends the continue the activities to be supported under the grant after termination of the grant, including a detailed plan for obtaining funds to continue such activities;

[(J) provide assurances that funds made available under this section will be used only for the purposes of this section;

[(K) provide for a reasonable period of review and comment on the proposed program by the appropriate State agency and include any such comments with the application to the Secretary; and

[(L) include such other information as the Secretary may reasonably require to carry out the provisions of this section.

[(3) In awarding grants or contracts the Secretary shall give priority consideration to eligible institutions which—

[(A) as appropriate, include area employer and employee organizations in the planning of the proposed continuing education activity and provide assurances of the continued participation of such organizations in the implementation, operation, and evaluation of the funded activities;

[(B) include assurances that the appropriate State agencies concerned with postsecondary education and State labor market and economic agencies have been consulted in the development of the proposal;

[(C) demonstrate a willingness to conduct and integrate into the curriculum work-oriented professional and technical continuing education programs;

[(D) demonstrate the capacity to obtain contributions of staff equipment, and resources for such programs for nonacademic sources, particularly employers; and

[(E) provide assurances that adults enrolled in such programs will have access to suitable and adequate financial assistance opportunities, including Federal student and funds available for students enrolled less than half time.

[ESTABLISHMENT OF OFF-CAMPUS PROGRAM GRANTS

[SEC. 112. (a) PURPOSE; OFF-CAMPUS EDUCATION PROGRAMS.—The Secretary shall establish a grant program to assist postsecondary institutions in developing program to encourage the establishment and growth of off-campus educational programs.

[(b) USES OF FUNDS.—Grants made under this section to any institution may be used for planning, developing, or operating a program designed by the institution to carry out the purposes of this section including—

[(1) the development and use of high-technology educational delivery systems using computers, radio, television, teleconferencing, video-disc, print, any combination of such components, or such other means as may provide direct use and access by individuals to off-campus programs;

[(2) the development of interstate educational delivery systems, cooperative, and consortia arrangements and programs (including telecommunications) which more effectively address regional needs for education;

[(3) training of faculty and staff to develop educational programs using creative and innovative delivery systems;

[(4) development of technological systems designed to enhance the teaching capabilities of faculty for students off-campus;

[(5) the development of curricula and student support services for students off-campus; and

[(6) acquisition (by lease or purchase) of necessary equipment, except that not more than 10 percent of such funds may be used for such acquisition.

[(c) APPLICATIONS FOR ASSISTANCE.—(1) Any eligible institution requesting assistance under this section shall submit to the Secretary an application for assistance at such time, in such form, and containing such information, as may be required by the Secretary. The Secretary shall make awards on a competitive basis taking into consideration the relative cost and effectiveness of the proposed program.

[(2) An institution, in its application for a grant, shall—

[(A) describe a program for establishing or improving delivery systems for students off-campus which shall include (i) the proposed operational budget for the program or activities to be conducted with funds received under the grant; (ii) the educational program or courses which would be made available off-campus; and (iii) the educational needs which the program is designed to address;

[(B) describe the applicant's current off-campus program or plans for an off-campus program;

[(C) provide for such financial control and accounting procedures as may be necessary to ensure proper disbursement and accounting for funds made available to the applicant under this section;

[(D) set forth policies and procedures to ensure that Federal funds made available under this section for any fiscal year will be used to supplement and, to the extent practical, increase

the funds that would otherwise be made available for the purposes of this section and in no case supplant those funds;

[(E) provide assurances that Federal funds made available under this section will comprise not more than 87.5 percent of the cost of the program in the second year, and 75 percent in the third year;

[(F) set forth policies and procedures for evaluating the effectiveness of the institution in accomplishing the purposes of the activities for which a grant is awarded under this section; and

[(G) provide such other information as the Secretary may require.

[(3) Funds made available under this section to any institution may not be used for rent or the purchase of facilities to be used in connection with the program, for general operational overhead of the institution or combination of institutions, or for salaries or stipends to students participating in the program

[ADULT AND CONTINUING EDUCATION STAFF DEVELOPMENT

[SEC. 113. (a) PURPOSE.—It is the purpose of this section to assist eligible institutions to provide in-service training to individuals involved in providing adult and continuing education services, including personnel involved in training offered under the Adult Education Act, the Job Training Partnership Act, the Carl D. Perkins Vocational Education Act, the Rehabilitation Act of 1973, the National Apprenticeship Act, the Older Americans Act of 1965, and the Social Security Act.

[(b) GRANTS AUTHORIZED.—To carry out the purpose of this section, the Secretary shall make grants to eligible postsecondary institutions that have entered into agreements with the Secretary to carry out an adult and continuing education staff development training program in accordance with the requirements of this section, which may include—

[(1) programs designed to enhance the pedagogical skills of the staff involved in programs offering adult and continuing education, including the training of staff and volunteers for literacy programs;

[(2) technical assistance to programs of adult education, with particular emphasis on federally funded programs; and

[(3) development of adult and continuing educational curricula materials, including adult literacy curricula, that may be used in adult and continuing education staff development training especially materials that focus on utilization of new technologies.

[(c) APPLICATIONS FOR ASSISTANCE.—Any eligible institution requesting assistance under this section shall submit to the Secretary an application for assistance as such time, in such form, and containing such information, as may be required by the Secretary. The Secretary shall make awards on a competitive basis taking into consideration the relative cost and effectiveness of the proposed program.

[(2) An institution, in its application for a grant, shall—

[(A) describe a proposal for establishing or improving staff development programs including the proposed operational budget for the program or activities to be conducted with funds made available under this section;

[(B) describe the applicant's current staff development program;

[(C) provide for such financial control and accounting procedures as may be necessary to ensure proper disbursement and accounting for funds made available to the applicant under this section;

[(D) set forth policies and procedures to ensure that Federal funds made available under this section for any fiscal year will be used to supplement and, to the extent practical, increase the funds that would otherwise be made available for the purposes of this part and in no case supplant those funds;

[(E) set forth policies and procedures for evaluating the effectiveness of the institution in accomplishing the purposes of the activities for which a grant is awarded under this section; and

[(F) provide such other information as the Secretary may require.

[(3) Funds made available under this section to any institution may not be used for rent or the purchase of facilities to be used in connection with the program, for general operational overhead of the institution or combination of institutions, or for salaries or stipends to students participating in the program.

[(4) A grant under this section may not exceed \$50,000 for any fiscal year and may be awarded for a period not to exceed 3 years.

[ADMINISTRATION OF PROGRAMS BY THE SECRETARY]

[SEC. 114. The Secretary shall ensure the equitable geographic distribution of funds under this part. In making awards under this part, the Secretary shall consider the equitable levels of funding for urban and rural areas. Grants and contracts under section 111 or 112 may be awarded for a period not to exceed 3 years and may not exceed \$100,000 in the first year of funding, except that a grant or contract involving combinations of institutions of higher education or a consortia with other institutions or organizations may not exceed \$150,000 in the first year.

[AUTHORIZATION OF APPROPRIATIONS]

[SEC. 115. There is authorized to be appropriated to carry out this part \$10,000,000 for fiscal year 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years. One hundred percent of the funds appropriated under this section for fiscal year 1987 shall be available only to carry out sections 111 and 112.

[PART B—NATIONAL PROGRAMS]

[ADULT LEARNING RESEARCH]

[SEC. 121. (a) ESTABLISHMENT OF PROGRAM.—To carry out the purpose of this section by providing assistance to institutions of higher education, the Secretary is authorized to make grants to,

and to enter into contracts with, eligible institutions to ensure a sustained capacity to undertake independent research and research application activities in adult and continuing education.

[(b) USES OF FUNDS.]—Funds made available under this section to any eligible institution may be used for planning, developing, or operating a program which may include—

[(1) identifying and analyzing the special problems and needs of adult learners;

[(2) collecting, analyzing, and disseminating information relating to adult learners and their educational and employment objectives, with particular focus on analyzing and disseminating information on the current and projected needs of the labor market;

[(3) examining and applying uses of education technologies to reach new and isolated learners;

[(4) collecting and disseminating relevant data from Federal agencies and other national and State resources applicable to postsecondary institutional planning for continuing education, including information related to Federal and other forms of student financial assistance;

[(5) supporting training programs designed to enhance the effectiveness of faculty to teach adult learners;

[(6) developing curriculum and instructional methods for adults seeking new employment opportunities;

[(7) demonstrating and disseminating new and existing programs designed for the adult learner; and

[(8) promoting resource sharing for innovative uses of technology, including telecommunications, to overcome barriers to postsecondary educational opportunities.

[(c) APPLICATION FOR ASSISTANCE.]—A grant or contract authorized by this part may be awarded by the Secretary on a competitive basis upon receipt of an application, which is submitted to the Secretary at such time or times and contains such information as the Secretary may prescribe. Each such application shall—

[(1) contain provisions that demonstrate the existing resources and academic reputation of the institution of higher education in the field of continuing education and its ability to conduct such activities; and

[(2) provide for such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of and accounting for Federal funds paid to the applicant under this part.

¶ AUTHORIZATION LIMITATION

[SEC. 122. No funds are authorized to be appropriated for the purpose of this part for fiscal year 1987 and the 4 succeeding fiscal years.

[PART C—THE NATIONAL ADVISORY COUNCIL ON CONTINUING EDUCATION

[NATIONAL ADVISORY COUNCIL ON CONTINUING EDUCATION

[SEC. 131. (a) ESTABLISHMENT AND COMPOSITION.—The President shall appoint a National Advisory Council on Continuing Education consisting of 8 representatives of Federal agencies having post-secondary continuing education and training responsibilities, including, but not limited to —

[(1) one representative each from—

[(A) the Department of Education,

[(B) the Department of Agriculture,

[(C) the Department of Defense,

[(D) the Department of Labor, and

[(E) the Department of Veterans Affairs; and

[(2) 12 member, not full-time employees of the Federal Government, who are knowledgeable and experienced in the field of continuing education, including State and local government officials, representatives of business, labor, and community groups, and adults whose educational needs have been inadequately served.

The Advisory Council shall meet at the call of the Chairman but not less than twice a year.

[(b) ADVISORY FUNCTIONS.—The Advisory Council shall advise the Secretary in the preparation of general regulations and with respect to policies and procedure arising in the administration of this Act with respect to continuing education.

[(c) FUNCTIONS RELATING TO ELIMINATING DUPLICATION.—The Advisory Council shall examine all federally supported continuing education and training programs and make recommendations with regard to policies to eliminate duplication and to effectuate the coordination of programs under this Act with respect to continuing education and other federally funded continuing education and training programs and services.

[(d) REPORTS.—The Advisory Council shall make annual reports to the President, the Congress, and the Secretary of its findings and recommendations, including recommendations for changes in the provisions of this Act with respect to continuing education and other Federal laws relating to continuing education and training activities. The President shall transmit each such report to the Congress with his comments and recommendations. The Advisory Council shall make such other reports or recommendations to the President, the Congress, the Secretary, or the head of any other Federal department or agency as may be appropriate.

[(e) USE OF SERVICES.—The Advisory Council may utilize the services and facilities of any agency of the Federal Government as may be necessary. The Advisory Council may accept, employ, and dispose of gifts or bequests to carry out its responsibilities under this section.

[PART D—STUDENT LITERACY CORPS

[SEC. 141. PURPOSE.

[It is the purpose of this part to provide financial assistance to institutions of higher education to promote the development of literacy corps programs to be operated by institutions of higher education in public community agencies in the communities in which such institutions are located.

[SEC. 142. LITERACY CORPS PROGRAM.

[From the amount appropriated pursuant to section 146 for any fiscal year, the Secretary is authorized, in accordance with the provisions of this part, to make grants to institutions of higher education for not to exceed 2 years to carry out literacy corps programs.

[SEC. 143. USES OF FUNDS.

[(a) IN GENERAL.—Funds made available under this part may be used for—

[(1) grants to institutions of higher education for—

[(A) the costs of participation of institutions of higher education in the literacy corps program for which assistance is sought; and

[(B) stipends for student coordinators engaged in the literacy corps program for which assistance is sought; and

[(2) technical assistance, collection and dissemination of information, and evaluation in accordance with section 145.

[(b) LIMITATIONS.—(1) No grant under this part to an institution of higher education may exceed \$50,000.

[(2) No institution of higher education may expend more than \$25,000 of a grant made under this part in the first year in which the institution receives such a grant.

[SEC. 144. APPLICATIONS.

[(a) APPLICATION REQUIRED.—Each institution of higher education desiring to receive a grant under this part shall submit an application to the Secretary, at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require.

[(b) CONTENTS OF APPLICATION.—Each such application shall—

[(1) contain assurances that the institution will use the grant in accordance with section 143;

[(2) contain adequate assurances that—

[(A) the institution has established 1 or more courses of instruction for academic credit which are designed to combine the training of undergraduate students in various academic departments such as social sciences, economics, and education with experience as tutors;

[(B) such individuals will be required, as a condition of receiving credit in such course, to perform not less than 60 hours of voluntary, uncompensated service during the academic term in a public community agency as a tutor in such agency's educational or literacy program;

[(C) such tutoring service will be supplementary to the existing instructional services, offered in a structured classroom setting, and furnished under the supervision of qualified personnel; and

[(D) the institution will locate such tutoring services in one or more public community agencies which serve educationally or economically disadvantaged individuals and, as provided in section 146, will give priority in providing tutoring services to—

[(i) educationally disadvantaged students receiving services under chapter 1 of title I of the Elementary and Secondary Education Act of 1965; and

[(ii) illiterate parents of educationally or economically disadvantaged elementary school students, with special emphasis on single-parent households; and

[(3) demonstrate that the institution of higher education has participated, prior to applying for a grant under this subtitle, in community service activities, including—

[(A) the use of a portion of its allotment under part C of title IV of the Higher Education Act of 1965 for work study for community service learning under section 443(b)(2)(A); or

[(B) the conduct of a cooperative education program; and

[(4) contain such other assurances as the Secretary may reasonably require.

[(c) WAIVER.—The Secretary may, upon request of an institution of higher education which does not meet the requirements of clause (3) of subsection (b), grant a waiver of the requirement under such clause if the institution of higher education provides assurances that—

[(1)(A) the institution of higher education has conducted another significant program which involves community outreach and service; or

[(B) its failure to engage in community service related programs or activities prior to making application under this part will not impede the ability of the institution to engage in the outreach efforts necessary to carry out the requirements of this part; and

[(2) the institution will use a portion of its allotment under part C of title IV of the Higher Education Act of 1965 for community service learning programs pursuant to section 443(b)(2)(A) of that Act if the institution receives an allotment under such part C.

An institution of higher education may apply for a waiver as part of the application described in subsection (b).

[SEC. 145. TECHNICAL ASSISTANCE AND COORDINATION CONTRACT.

[(To the extent that funds are available therefor pursuant to section 146, the Secretary may, directly or by way of grant, contract, or other arrangement—

[(1) provide technical assistance to grant recipients under this part;

[(2) collect and disseminate information with respect to programs assisted under this part; and

[(3) evaluate such programs and issue reports on the results of such evaluations.

[SEC. 146. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated to carry out the provisions of this part \$10,000,000 for fiscal year 1991.

[SEC. 147. DEFINITIONS.

[For the purpose of this part

[(1) the term "public community agency" means an established community agency with an established program of instruction such as elementary and secondary schools, Head Start centers, prisons, agencies serving youth, and agencies serving the handicapped, including disabled veterans;

[(2) the term "institution of higher education" has the same meaning given that term by section 1201(a) of the Higher Education Act of 1965; and

[(3) the term "Secretary" means the Secretary of Education.

**[TITLE II—ACADEMIC LIBRARY AND INFORMATION
TECHNOLOGY ENHANCEMENT**

[PURPOSE; AUTHORIZATION

[SEC. 201. (a) The Secretary shall carry out a program to assist—

[(1) institutions of higher education in the acquisition of library resources, including law library resources, and in the establishment and maintenance of networks for sharing library resources in accordance with part A;

[(2) in the training of persons in librarianship and to encourage research and development relating to the improvement of libraries (including the promotion of economical and efficient information delivery, cooperative efforts, and developmental projects) in accordance with part B;

[(3) the Nation's major research libraries, in maintaining and strengthening their collections, and in making their holdings available to other libraries whose users have need for research materials, in accordance with part C; and

[(4) college and university libraries in acquiring technological equipment and in conducting research in information technology in accordance with part D.

[(b)(1) There are authorized to be appropriated to carry out part A \$10,000,000 for fiscal year 1987, and such sums as may be necessary for each of the 4 succeeding fiscal years.

[(2) There are authorized to be appropriated to carry out part B \$5,000,000 for fiscal year 1987, and such sums as may be necessary for each of the 4 succeeding fiscal years.

[(3) There are authorized to be appropriated to carry out part C \$10,000,000 for fiscal year 1987, and such sums as may be necessary for each of the 4 succeeding fiscal years.

[(4) There are authorized to be appropriated to carry out part D \$5,000,000 for fiscal year 1987, and such sums as may be necessary for each of the 4 succeeding fiscal years.

[(5) There are authorized to be appropriated to carry out the purposes of part D an additional \$2,500,000 for fiscal year 1988 and such additional sums as may be necessary for each of the 3 succeeding fiscal years. Activities supported by funds appropriated pursuant to this paragraph shall be activities that will enable li-

braries to participate more fully in the initiative funded under the Education and Training for American Competitiveness Act of 1987.

[NOTIFICATION OF STATE AGENCY

[SEC. 202. Each institution of higher education which receives a grant under this title shall annually inform the State agency designated pursuant to section 1203 of its activities under this title.

[PART A—COLLEGE LIBRARY RESOURCES

[COLLEGE LIBRARY RESOURCES

[SEC. 211. (a) From the amount appropriated for this part, the Secretary shall make grants to eligible institutions of higher education or combinations thereof (and to branches of institutions which are located in different communities from that in which its parent institution is located). The amount of a grant under this part shall not be less than \$2,000 nor more than \$10,000 and shall reflect the number of full-time equivalent students enrolled at the recipient institution. If the funds are not sufficient to provide grants to all eligible institutions, grants shall be made to those institutions demonstrating the greatest need, based on the eligibility criteria in section 211(c).

[(b) A grant under this part may be made only if the application provides—

[(1) information about the institution and its library resources as prescribed by the Secretary in regulations;

[(2) satisfactory assurance that the applicant has expended for all library materials (exclusive of construction) during the institutional fiscal year preceding the year of application for which the grant is sought (hereafter in this section referred to as the "base year"), from funds other than funds received under this part, an amount not less than the average annual aggregate amount or the average amount per full-time equivalent student it expended for such purposes during the two years preceding the base year;

[(3) for such fiscal control and fund accounting procedures as are necessary to assure proper disbursement of and accounting for Federal funds paid to the applicant under this part;

[(4) for making such reports as the Secretary may require, including a report on how such funds received under a grant were expended, and for keeping such records and for affording such access thereto as the Secretary deems necessary to assure the correctness and verification of such reports; and

[(5) a statement setting forth how the funds received under this part will be used to improve the quality of the institution's library services.

[(c) In order to be considered an eligible institution, an institution must provide the Secretary assurance that—

[(1) the expenditures of the institution per full-time equivalent student for library materials are less than the average of the expenditures for library materials per full-time equivalent student by other institutions of comparable size and program,

as determined by the Secretary in accord with definitions established by the Center for Education Statistics; and

[(2) the number of volumes per full-time equivalent student is less than the average of such number of volumes held by institutions of comparable size and program, as determined by the Secretary in accord with definitions established by the Center for Education Statistics.

[(d) If the Secretary determines, in accordance with regulations, that there are very unusual circumstances which prevent the applicant from making the assurance required by subsection (b)(2), the requirement for such assurance may be waived. For the purpose of this subsection, the term "very unusual circumstances" means theft, vandalism, fire, flood, earthquake, or other occurrence which may temporarily reduce the level of expenditures for library materials, or which resulted in unusually high expenditures for library materials.

[(e) If the Secretary determines, in accordance with regulations, that there are very unusual circumstances which prevent an otherwise eligible institution from qualifying under subsection (c), the requirements of subsection (c) may be waived. The Secretary may not grant such waivers to more than 5 percent of the eligible institutions receiving grants under this part.

[(f) Grants under this part may be used only for books, periodicals, documents, magnetic tapes, computer software, phonographic records, audiovisual materials, and other related library materials (including necessary binding) and for the establishment and maintenance of networks for sharing library resources with other institutions of higher education.

[DEFINITION

[SEC. 213. For the purpose of this part, the term "full-time equivalent students" means the sum of the number of students enrolled full time at an institution, plus the full-time equivalent of the number of students enrolled part time at such institution (determined on the basis of the quotient of the sum of the credit hours of all part-time students divided by 12).

[PART B—LIBRARY TRAINING, RESEARCH, AND DEVELOPMENT

[GRANTS AUTHORIZED

[SEC. 221. From the amounts appropriated for this part for any fiscal year, the Secretary shall make grants in accordance with sections 222 and 223. Of such amount, two-thirds shall be available for the purpose of section 222 and one-third shall be available for the purpose of section 223.

[LIBRARY CAREER TRAINING

[SEC. 222. (a) The Secretary shall make grants to, and contracts with, institutions of higher education and library organizations or agencies to assist them in training persons in librarianship. Such grants or contracts may be used by such institutions, library organizations, or agencies (1) to assist in covering the cost of courses of training or study (including short term or regular session insti-

tutes), (2) to establish and maintain fellowships or traineeships with stipends (including allowances for travel, subsistence, and other expenses) for fellows and others undergoing training and their dependents, not in excess of such amounts as may be determined by the Secretary, and (3) to establish, develop, or expand programs of library and information science, including new techniques of information transfer and communication technology.

[(b) Not less than 50 per centum of the grants made under this section shall be for the purpose of establishing and maintaining fellowships or traineeships under subsection(a)(2).

[RESEARCH AND DEMONSTRATIONS

[SEC. 223. The Secretary is authorized to make grants to, and contracts with, institutions of higher education and other public or private agencies, institutions, and organizations for research and demonstration projects related to the improvement of libraries, training in librarianship, and for the dissemination of information derived from such projects.

[PART C—STRENGTHENING RESEARCH LIBRARY RESOURCES

[ELIGIBILITY FOR ASSISTANCE

[SEC. 231. (a)(1) From the amount appropriated for this part, the Secretary shall make grants to institutions with major research libraries.

[(2) For the purposes of this part, the term "major research library" means a public or private nonprofit institution (including the library resources of an institution of higher education), an independent research library, or a State or other public library, having a library collection which is available to qualified users and which—

[(A) makes a significant contribution to higher education and research;

[(B) is broadly based and is recognized as having national or international significance for scholarly research;

[(C) is of a unique nature, and contains material not widely available; and

[(D) is in substantial demand by researchers and scholars not connected with that institution.

[(b) No institution receiving a grant under this part for any fiscal year may receive a grant under section 211 for that year.

[(c) In determining eligibility for assistance under this part, the Secretary shall permit institutions that do not otherwise qualify to provide additional information or documents to demonstrate the national or international significance for scholarly research of the particular collection described in the grant proposal.

[GEOGRAPHICAL DISTRIBUTION OF GRANTS

[SEC. 232. In making grants under this part, the Secretary shall endeavor to achieve broad and equitable geographical distribution throughout the Nation.

[PART D—COLLEGE LIBRARY TECHNOLOGY AND COOPERATION GRANTS]

[ESTABLISHMENT OF PROGRAM]

[SEC. 241. (a) The Secretary is authorized to make grants for technological equipment and other special purposes to—

[(1) institutions of higher education which demonstrate a need for special assistance for the planning, development, acquisition, installation, maintenance, or replacement of technological equipment (including computer hardware and software) necessary to participate in networks for sharing of library resources;

[(2) combinations of higher education institutions which demonstrate a need for special assistance in establishing and strengthening joint-use library facilities, resources, or equipment;

[(3) other public and private nonprofit organizations which provide library and information services to institutions of higher education on a formal, cooperative basis for the purpose of establishing, developing, or expanding programs or projects that improve their services to institutions of higher education; and

[(4) institutions of higher education conducting research or demonstration projects to meet special national or regional needs in utilizing technology to enhance library or information sciences.

[(b) From funds appropriated for this part, the Secretary shall make competitive awards to institutions or combinations of institutions in each of the categories described in clauses (1) through (4) of subsection (a). The minimum award shall be \$15,000 and may be expended over a 3-year period.

[(c) A grant under this section may be made only if the application (whether by an individual institution or a combination of institutions) is approved by the Secretary on the basis of criteria prescribed in regulations and provides satisfactory assurance that the applicant will expend during the 3-year period for which the grant is sought (from funds other than funds received under this title), for the same purpose as such grant, an amount from such other sources equal to not less than one-third of such grant.

[(d) This program shall be administered in the Department by an expert in library technology.]

TITLE I—PARTNERSHIPS FOR EDUCATIONAL EXCELLENCE

SEC. 100. AUTHORIZATION OF APPROPRIATIONS.

(a) URBAN COMMUNITY SERVICE.—*There are authorized to be appropriated to carry out part A of this title, \$25,000,000 for fiscal year 1993, and such sums as may be necessary for the 4 succeeding fiscal years.*

(b) URBAN AND RURAL COLLEGE, UNIVERSITY, AND SCHOOL PARTNERSHIPS.—*There are authorized to be appropriated to carry out*

part B of this title, \$25,000,000 for fiscal year 1993, and such sums as may be necessary for the 4 succeeding fiscal years.

(c) **ARTICULATION AGREEMENTS.**—There are authorized to be appropriated to carry out part D of this title, \$50,000,000 for fiscal year 1993, and such sums as may be necessary for the 4 succeeding fiscal years.

(d) **MANUFACTURING ENGINEERING EDUCATION.**—There are authorized to be appropriated to carry out part E of this title, \$25,000,000 for fiscal year 1993, and such sums as may be necessary for the 4 succeeding fiscal years.

(e) **ACCESS AND EQUITY TO EDUCATION FOR ALL AMERICANS THROUGH TELECOMMUNICATIONS.**—There are authorized to be appropriated for fiscal year 1993 \$10,000,000 and such sums as may be necessary for the 4 succeeding fiscal years.

PART A—URBAN COMMUNITY SERVICE

SEC. 101. STATEMENT OF PURPOSE.

It is the purpose of this part to provide incentives to urban institutions (including academic, private, and civic bodies) to work together to devise and implement solutions to the most pressing and severe problems in their communities.

SEC. 102. APPLICATION FOR URBAN COMMUNITY SERVICE GRANTS.

(a) **APPLICATION AND PLAN.**—Any institution seeking assistance under this part shall submit to the Secretary an application at such time, in such form, and containing or accompanied by such information and assurances as the Secretary may require by regulation. Such application shall contain a plan agreed to by the members of a consortium that includes (1) a public or private 4 year institution (and, where possible and appropriate, a community college) in partnership with (2) an urban school system, a local government, a private business, or a nonprofit institution. The Secretary may waive this consortium requirement for those applicants who can demonstrate that they have devised an integrated and coordinated plan which meets the purpose of this part.

(b) **PRIORITY IN SELECTION OF APPLICATIONS.**—The Secretary shall give priority to those applications that—

- (1) include plans agreed to by a consortium composed of several member from the categories described in subsection (a); and
- (2) propose to conduct joint projects supported by other local, State, and Federal programs.

(c) **SELECTION PROCEDURES.**—The Secretary shall, by regulation, develop a formal procedure for the submission of applications and publish in the Federal Register an announcement with respect to that procedure and the availability of funds.

SEC. 103. ALLOWABLE ACTIVITIES.

(a) **IN GENERAL.**—Funds made available under this part shall be used to support planning, applied research, training, resource exchanges or technology transfers, the delivery of services, or other activities the purpose of which is to design and implement programs to assist urban communities to meet and address their most pressing problems.

(b) **AUTHORIZED ACTIVITIES.**—Activities conducted with funds made available under this part may include research on resource exchanges, technology transfer, technical training, the delivery of services, and technical assistance in the following areas—

- (1) urban poverty and its alleviation;
- (2) health care, including its delivery and access;
- (3) under-performing school systems and students;
- (4) problems faced by the elderly in urban settings;
- (5) crime: prevention and alternative interventions;
- (6) urban housing;
- (7) urban infrastructure;
- (8) economic development; and
- (9) other problem areas which participants in the agreement required by section 102 agree are of high priority in the urban area covered by such agreement.

PART B—URBAN AND RURAL COLLEGE, UNIVERSITY, AND SCHOOL PARTNERSHIPS

SEC. 121. PURPOSE.

It is the purpose of this part to encourage partnerships between urban or rural institutions of higher education or consortia of such institutions and secondary schools and school systems serving low-income and educationally disadvantaged urban or rural students to support programs that may assist in improving the retention and graduation rates of such secondary schools, improve the academic skills of their public and private nonprofit secondary school students, increase their opportunities to continue their education beyond the secondary level, and to improve their prospects for productive employment.

SEC. 122. AGREEMENT.

(a) **AGREEMENTS.**—To be eligible for a grant under this part, an urban or rural institution of higher education or consortium must enter into a written partnership agreement with a local educational agency. Such partnership may include businesses, labor organizations, professional associations, community-based organizations or other public or private agencies or organizations.

(b) **CONTENTS OF AGREEMENT.**—The agreement required under this section shall include—

- (1) a listing of all participants in the partnership;
- (2) a description of the responsibilities of each participant in the partnership; and
- (3) a listing of the resources to be contributed by each participant.

SEC. 123. GRANTS.

(A) **IN GENERAL.**—The Secretary may use funds appropriated for this part to make grants to university-school partnerships. The grants may be used to support partnership activities which are directly related to the purposes set forth in section 121.

(b) **AMOUNT AND USE OF GRANTS.**—From such funds, the Secretary shall make grants of no less than \$250,000 and no more than \$1,000,000.

(c) **PREFERENCES.**—In making grants under this part, the Secretary shall give preference to—

(1) programs which will serve predominantly low-income neighborhoods;

(2) partnerships which will run programs during the regular school year and during the summer;

(3) programs which will serve educationally disadvantaged students, potential dropouts, pregnant adolescent and teen-aged parents or children whose parents or parent are migratory agriculture workers or migratory fishermen; and

(4) programs designed to encourage women and minorities who are underrepresented in the fields of science and mathematics to pursue these fields.

(d) **MAINTENANCE OF EFFORT.**—Any local educational agency or institution of higher education participating in an agreement under this part shall not reduce its combined fiscal effort per student or its aggregate expenditures on education.

SEC. 124. GRANT APPLICATION.

(a) **APPLICATION REQUIRED.**—A partnership desiring to receive a grant under this part shall submit an application to the Secretary, in such form and providing such information as the Secretary, by regulation, shall require.

(b) **CONTENTS OF APPLICATION.**—The application shall include—

(1) the partnership agreement described in section 122;

(2) a listing of all the schools to be involved in the program;

(3) a description of the programs to be developed and operated by the partnership; and

(4) assurances to the Secretary—

(A) that the partnership will establish a governing body including one representative from each participant in the partnership,

(B) that Federal funds will provide no more than 70 percent of the cost of the project in the first year; 60 percent of such costs in the second year, and 50 percent of such costs in the third and any subsequent year;

(C) that any local educational agency or institution of higher education participating in this partnership shall utilize any Federal funds it shall receive from a grant under this part to supplement, and, to the extent practicable, increase the resources that would, in the absence of such Federal funds, be made available from non-Federal sources for the education of students described in this part; and

(D) that in no case shall funds under such a grant be used to supplant non-Federal funds already available.

PART C—ADMINISTRATIVE PROVISIONS FOR PARTS A AND B

SEC. 131. PEER REVIEW.

The Secretary shall designate a peer review panel to review applications submitted under parts A and B and make recommendations for funding to the Secretary. In selecting the peer review panel, the Secretary may consult with other appropriate Cabinet-level officials

and with non-Federal organizations, to ensure that the panel will be geographically balanced and be composed of representatives from public and private institutions of higher education, labor, business, State and local government, who have expertise in urban community service.

SEC. 132. DISBURSEMENT OF FUND.

(a) **MULTIYEAR AVAILABILITY.**—Subject to the availability of appropriations, grants under part A may be made on a multiyear basis, except that no institution, individually or as a participant in a combination of such institutions, may receive a grant for more than 5 years.

(b) **DISTRIBUTION REQUIREMENT.**—The Secretary shall award grants under parts A and B in such manner as to achieve widespread and equitable utilization of the grants in all parts of the nation.

(c) **MATCHING REQUIREMENT.**—An applicant under part A of this title and the local governments associated with its application shall contribute to the conduct of the program supported by the grant an amount from non-Federal funds equal to at least one-fourth of the amount of the grant, which contribution may be in cash or in services, supplies or equipment.

(d) **WAIVER OF MATCHING REQUIREMENT.**—The Secretary may waive the requirements of subsection (c) of this section with respect to an eligible institution that demonstrates a unique hardship that precludes its compliance with that requirement.

SEC. 133. NATIONAL NETWORK.

(a) **PROGRAM AUTHORITY.**—The Secretary may establish a national network among urban and rural grant institutions, so that the results of individual projects funded under parts A and B can be generalized, disseminated, replicated, and applied throughout the Nation.

(b) **FUNDING.**—From any funds appropriated for carrying out parts A and B, the Secretary may set aside not to exceed 5 percent, or \$500,000 in any fiscal year, whichever is less, for the purposes of carrying out subsection (a) of this section.

SEC. 134. DEFINITIONS.

(a) **DEFINITIONS.**—As used in parts A and B—

(1) The term "eligible institution" has the meaning given such term by the first sentence of section 1201(a) of this Act.

(2) The term "urban area" means a metropolitan statistical area having a population of not less than 400,000, or two contiguous metropolitan statistical areas having a population of not less than 400,000, or, in any State which does not have a metropolitan statistical area which has such a population, the entity of the State having an agreement under section 1203, or, if no such entity has an agreement, the Secretary, shall designate one urban area for the purposes of this part.

(3) The term "urban institution of higher education" means a nonprofit municipal university, established by the governing body of the city in which it is located, and operating as of the date of enactment of this part under that authority, or an institution of higher education, or a consortium of such institutions

any one of which meets all of the requirements of this paragraph, which—

(A) is located in an urban area,

(B) draws a substantial portion of its undergraduate students from the urban area in which it is located, from the urban area in which it is located or contiguous areas,

(C) carries out programs to make postsecondary educational opportunities more accessible to residents of such urban area, or contiguous areas,

(D) has the present capacity to provide resources responsive to the needs and priorities of such urban area, or contiguous areas,

(E) offers a range of professional, technical, or graduate programs sufficient to sustain its capacity to provide such resources, and

(F) has demonstrated and sustained a sense of responsibility to such urban area and contiguous areas and its people.

(b) PUBLICATION REQUIRED.—

(1) The Secretary shall, not later than 6 months following the enactment of this title, publish in the Federal Register a preliminary list of all public and private nonprofit institutions of higher education which shall meet the qualifications prescribed in subparagraphs (A) through (E) of subsection (a)(3).

(2) The Secretary shall, annually, provide an opportunity for any unlisted institution to apply to be added to this list, and shall publish such additions in the Federal Register.

PART D—ARTICULATION AGREEMENTS

SEC. 141 FINDINGS.

The Congress finds that—

(1) because more than one-half of all first-time first-year students attending postsecondary institutions attend community or junior colleges, and because almost one-half of minority students enrolled in a higher education attend 2-year institutions, community and junior colleges represent a substantial and an important educational resource;

(2) declining participation rates for low-income students and minorities at institutions of higher education is of growing concern to the higher education community and Congress; and

(3) there is growing awareness of the need to assist low-income, minority and other nontraditional students in bridging the gap between 2-year to 4-year institutions, enabling them to reach their individual potential, as well as contribute to the larger society.

SEC. 142. PURPOSE.

The purpose of this part is to improve the educational opportunities of this Nation's postsecondary students by creating comprehensive articulation agreements and planning between partnerships of 2-year and 4-year institutions of higher education.

SEC. 143. AUTHORIZATION OF GRANTS.

(a) **ASSISTANCE FOR ARTICULATION PARTNERSHIPS.**—From amounts appropriated for this part, the Secretary shall make grants to States to enable States to make awards, either on a competitive basis or on the basis of a formula determined by the State, to articulation partnerships between—

(1) a qualified 2-year institution; and

(2) a qualified 4-year institution.

(b) **QUALIFIED INSTITUTIONS.**—For purposes of subsection (a)—

(1) a qualified 2-year institution is an institution of higher education (as determined under section 481(a)) that is an eligible institution under section 435(a) and that—

(A) is a nonprofit institution that offers a 2-year associate degree or a 2-year certificate program; or

(B) is a proprietary institution that offers a 2-year associate degree program; and

(2) a qualified 4-year institution is an institution of higher education (as determined under section 481(a)) that is an eligible institution under section 435(a) and that offers a baccalaureate degree program.

(c) **ALLOCATION AND STATE GRANTS.**—

(1) **FORMULA ALLOCATION.**—In any fiscal year for which the amount made available under section 100 to carry out the provisions of this part equals or exceeds \$50,000,000, the Secretary shall allot an amount that bears the same ratio to the amount appropriated under section 100 for such fiscal year as the total amount received under title IV by students attending institutions in the State for such fiscal year bears to the total amount received under title IV by all students for such fiscal year.

(2) **COMPETITIVE GRANTS.**—In any fiscal year for which the amount made available under section 100 to carry out the provisions of this part do not equal or exceed \$50,000,000, the Secretary is authorized, in accordance with the provisions of this part, to make grants to States to carry out articulation agreements under sections 145 and 146.

SEC. 144. STATE APPLICATION.

Each State that desires to receive a grant under this part shall submit an application to the Secretary in such form and containing or accompanied by such information as the Secretary may require. Such application shall—

(1) after consultation with the State agencies responsible for supervision of community colleges, technical institutes, or other 2-year postsecondary institutions, designate a sole State agency as the State agency responsible for the administration and supervision of activities carried out with assistance under this part;

(2) describe how funds will be allocated in a manner consistent with section 145;

(3) contain assurances that the State will comply with the requirements of this part;

(4) provide for an annual submission of data concerning the use of funds and students served with assistance under this part; and

(5) provide that the State will keep such records and provide such information to the Secretary as may be required for purposes of financial audits and program evaluation.

SEC. 145. LOCAL APPLICATIONS.

Any articulation partnership comprised of qualified institutions that desires to receive a grant from a State under this part shall submit an application to the State in such form and containing or accompanied by such information as the State may require and shall—

(1) include in the articulation agreement—

(A) assurances that academic credit earned at the qualified institution described in section 143(b)(1) will be transferable to the qualified institution or institutions as described in section 143(b)(2);

(B) development of articulation agreement programs and services appropriate to the needs of the partnership participants;

(C) activities that facilitate the development of programs and services appropriate to the needs of the students attending courses covered by the articulation agreement;

(D) inservice training for faculty for designed to implement effective articulation agreements;

(E) counseling services; and

(F) information concerning programs contained in the articulation agreement;

(2) include assurances that the articulation partnership has the qualified personnel required—

(A) to develop, administer, and implement the program required by this part, and

(B) to provide special training necessary to prepare staff for the program; and

(3) include a plan of operation for the program which includes—

(A) a description of the program goals,

(B) a description of the uses of funds as required by paragraph (2),

(C) a description of the activities and services which will be provided under the program (including training and preparation of staff), and

(D) a description of the subject areas to be included in the articulation agreement.

SEC. 146. ARTICULATION AGREEMENT

(a) **LENGTH OF GRANT.**—Each recipient of a grant from a State shall use the amounts provided under the grant to develop and operate articulation agreements for 6 years.

(b) **USE OF FUNDS.**—Funds provided to an articulation partnership under this part may be used—

(1) to perform any activity or program required by section 145;

(2) as part of the program's planning activities, to acquire technical assistance from Federal, State, or local entities that have successfully designed, established, and operated articulation programs;

(3) to provide workshops with students and teachers, counseling for students to continue their education to a bachelors degree, orientation visits at institutions participating in the consortia; and

(4) to provide outreach to potential students.

SEC. 147. STATE ADMINISTRATION.

A State may reserve not more than 3 percent of the amounts available under this title for any fiscal year for State administrative costs including monitoring and technical assistance.

SEC. 148. PRIORITY.

The State shall give priority to grant applications for programs which—

(1) encourage teacher education,

(2) have, as one of the partners participating in an articulation agreement, an entity that meets the requirements of section 344(b) of the Carl D. Perkins Vocational and Applied Technology Education Act,

(3) contribute their own institutional resources,

(4) are not subject to a default reduction agreement under section 428F, or

(5) encourage articulation in subject areas of national importance as determined by the Secretary.

SEC. 149. REPORTS.

(a) **STATE REPORTS.**—Each State shall submit to the Secretary an annual report on the operation of the program under this part in such State during the preceding year. Such report shall include such information as the Secretary may require by regulation.

(b) **EVALUATION AND DISSEMINATION.**—The Secretary shall, on the basis of the reports submitted under subsection (a), evaluate all or a sample of the programs conducted under this part for the purposes of (1) determining the success or failure of such programs in increasing access and entry of students from 2-year institutions to 4-year institutions, and (2) identifying the most successful programs under this part and the causes for such success. The Secretary shall, not later than January 31, 1996, submit a report to the Congress on the results of such evaluation. The Secretary shall disseminate the findings made pursuant to clause (2) through appropriate agencies and organizations. The Secretary may reserve up to 3 percent of the amount appropriated under section 100 to carry out this subsection.

PART E—MANUFACTURING ENGINEERING EDUCATION

SEC. 161. PURPOSE.

The purposes of this part are to encourage the development of undergraduate and graduate level programs of education and research in manufacturing engineering at institutions of higher education in the United States and to increase the number of persons educated in the techniques and disciplines of manufacturing engineering through—

(1) the expansion of Federal Government support for programs of manufacturing engineering education in the United States;

(2) the provision of financial support for the establishment of new programs of manufacturing engineering education across the United States;

(3) the upgrading of existing programs in manufacturing engineering education in the United States;

(4) the encouragement of increased participation of women, members of minority groups, and disabled persons in manufacturing education and training; and

(5) the active involvement of the Federal Government, States, and local governments along with institutions of higher education and private industry in cooperative undertakings to establish and support such programs.

SEC. 162. MANUFACTURING ENGINEERING EDUCATION GRANT PROGRAM.

(a) **ESTABLISHMENT OF GRANT PROGRAM.**—The Secretary, in consultation with the Director of the National Science Foundation and the Director of the Office of Science and Technology Policy, shall establish a program for the Secretary to make grants to institutions of higher education for the following purposes:

(1) To support the enhancement of existing programs in manufacturing engineering education that are conducted by grantee institutions and that meet the requirements of section 163.

(2) To support the establishment at grantee institutions of new programs in manufacturing engineering education that meet such requirements.

(b) **NEW PROGRAMS IN MANUFACTURING ENGINEERING EDUCATION.**—For the purpose of subsection (a)(2), a program in manufacturing engineering education to be established at an institution of higher education may be considered new regardless of whether the program is to be conducted—

(1) within an existing department in a school of engineering of the grantee institution of higher education;

(2) within a manufacturing engineering department to be established separately from the existing departments within such school of engineering; or

(3) within a manufacturing engineering school or center to be established separately from an existing school of engineering of such institution.

(c) **MINIMUM NUMBER OF GRANTS FOR NEW PROGRAMS.**—Of the total number of grants awarded pursuant to this section, at least one-third shall be awarded for the purpose stated in subsection (a)(2).

(d) **GEOGRAPHICAL DISTRIBUTION OF GRANTS.**—In awarding grants under this subsection, the Secretary shall, to the maximum extent practicable, avoid geographical concentration of grant awards.

(e) **INITIAL GRANTS.**—Within one year after the date of the enactment of this part, the Secretary, in consultation with the Director of the National Science Foundation, shall award grants under the program to at least 10 institutions of higher education across the United States.

(f) **COORDINATION OF GRANT PROGRAM WITH THE NATIONAL SCIENCE FOUNDATION.**—The Secretary and the Director of the National Science Foundation shall enter into a written agreement for carry-

ing out the grant program established pursuant to this section. The agreement shall include the following matters:

(1) Procedures to ensure that the grant program is fully coordinated with similar existing education programs of the National Science Foundation.

(2) Provisions for the National Science Foundation to assist in the administration and management of grants made by the Secretary under the program.

SEC. 163. COVERED PROGRAMS OF MANUFACTURING ENGINEERING EDUCATION.

(a) **IN GENERAL.**—A program of engineering education supported with a grant awarded pursuant to this part shall meet the requirements of this section.

(b) **LEVEL OF HIGHER EDUCATION FOR WHICH PROGRAM IS OFFERED.**—The program of education shall be conducted at the undergraduate level, the graduate level, or both the undergraduate and graduate levels.

(c) **COMPONENTS OF PROGRAM.**—The program of education shall be a consolidated and integrated multidisciplinary program of education having each of the following components:

(1) Multidisciplinary instruction that encompasses the total manufacturing engineering enterprise and that may include—

(A) manufacturing engineering education and training through classroom activities, laboratory activities, thesis projects, and individual or team projects;

(B) faculty development programs;

(C) recruitment of educators highly qualified in manufacturing engineering;

(D) presentation of seminars, workshops, and training for the development of specific research or education skills; and

(E) activities involving interaction between the institution of higher education conducting the program and industry, including programs for visiting scholars or industry executives.

(2) Opportunities for students to obtain work experience in manufacturing through such activities as internships, summer job placements, or cooperative work-study programs.

(3) Faculty and student research that is directly related to, and supportive of, the education of undergraduate or graduate students in advanced manufacturing science and technology because of—

(A) the increased understanding of advanced manufacturing science and technology that is derived from such research; and

(B) the enhanced quality and effectiveness of the instruction that result from that increased understanding.

(d) **SIGNIFICANT INVOLVEMENT OF INDUSTRY.**—The program shall be conducted with a significant level of involvement of private sector manufacturing firms having major manufacturing operations in the United States and a significant level of collaboration between the firms so involved and the institution of higher education conducting the program.

SEC. 164. GRANT PROPOSALS.

(a) **PROPOSAL, REQUIREMENTS.**—The Secretary, in coordination with the Director of the National Science Foundation, shall solicit from institutions of higher education in the United States proposals for grants to be made pursuant to this part of the support of programs of manufacturing engineering education that are consistent with the purposes of this Act.

(b) **CONTENT OF PROPOSALS.**—Each proposal submitted by an institution of higher education shall include the following:

(1) A description of the program proposed to be supported by the grant.

(2) A discussion of the institution's experience and demonstrated capabilities that qualify the institution to conduct the proposed program.

(3) a discussion of how industrial experience, expertise, and facilities will be integrated into the proposed program.

(4) A description of the anticipated curriculum.

(5) A description of the research proposed to be conducted pursuant to the proposed program, including how the research will support the instructional content of the program.

(6) A commitment by the non-Federal government participants in the proposed program to contribute financial or in-kind support sufficient to defray at least 50 percent of the total cost of the program during the period covered by the grant, including a description of the cost-sharing arrangements provided to carry out the cost-sharing commitment.

(7) A description of the specific benefits the proposed program will provide for the improvement of the defense industrial base of the United States and the education and training of engineers in manufacturing methods, techniques, and technology in the United States.

(8) A plan to achieve a significant level of participation by women, members of minority groups, and disabled persons through active recruitment of students from among such persons.

SEC. 165. GRANT AWARDS.

(a) **MERIT COMPETITION.**—Grants shall be awarded on the basis of merit competition in accordance with procedures prescribed by the Secretary in coordination with the Director of the National Science Foundation.

(b) **SELECTION CRITERIA.**—The Secretary may select a proposal for the award of a grant pursuant to this part if the proposal, at a minimum—

(1) promotes the achievement of the purposes of this Act;

(2) contains innovative approaches for improving engineering education in manufacturing technology;

(3) demonstrates a strong commitment by the proponents to apply the resources necessary to achieve the objectives for which the grant is to be made;

(4) provides for the conduct of research that supports the instruction to be provided in the proposed program and is likely to improve manufacturing engineering and technology;

(5) demonstrates a significant level of involvement of United States industry in the proposed instructional and research activities;

(6) is likely to attract superior students;

(7) proposes to involve fully qualified faculty personnel who are experienced in research and education in areas associated with manufacturing engineering and technology;

(8) proposes a program that, within 3 years after the grant is made, is likely to attract from sources other than the Federal Government the financial and other support necessary to sustain such program; and

(9) proposes to achieve a significant level of participation by women, members of minority groups, and disabled persons through active recruitment of students from among such persons.

PART F—ACCESS AND EQUITY TO EDUCATION FOR ALL AMERICANS THROUGH TELECOMMUNICATIONS

SEC. 171. ESTABLISHMENT OF PROGRAM.

(a) **GENERAL AUTHORITY.**—The Secretary is authorized in accordance with provisions of this part to make grants to eligible entities for the Federal share of the cost of telecommunications services to promote access and equity to education.

(b) **ELIGIBLE APPLICANTS.**—In order to be eligible for a grant under this part eligible applicants shall consist of a public broadcasting entity (or a consortium of such entities) and an institution of higher education (or a consortium of such entities) and may also include a State, a local unit of government, or a public or private nonprofit organization.

(c) **APPLICATION.**—Each eligible applicant which desires to receive a grant under this part shall submit an application to the Secretary at such time, in such manner and containing or accompanied by such information as the Secretary may reasonably require. Each such application shall—

(1) describe education telecommunications services to be supported with the grant;

(2) describe the administrative and management structure supporting the activities funded by the grant;

(3) provide that the applicant shall match each dollar of funding received under this part on a one-to-one basis;

(4) provide assurances that the financial interests of the United States in the telecommunications equipment, software and other facilities shall be protected for the use of the life of such facilities;

(5) describe the manner in which nontraditional postsecondary education students will benefit in the services supported;

(6) describe the manner in which special services including captioned films, television, descriptive video and education media for handicapped individuals shall be supported; and

(7) provide evidence that each dollar received under this part shall be matched by funds from other, non-Federal sources.

(d) **ACTIVITIES SUPPORTED.**—Grants under this part shall support one or more of the following activities—

(1) acquisition of site equipment to provide the technical ability to receive diverse education services at school, campus, and work site locations;

(2) satellite, fiberoptic and other distribution systems and for local broadcast or other local distribution capability;

(3) preservice or inservice education and training for K-12 teachers through interactive television conferencing;

(4) preparation of telecommunications programs and software which support national, regional, or statewide efforts to provide teaching and learning materials not otherwise available for local use; and

(5) a loan service of captioned films, descriptive video and educational media for the purpose of making such materials available, in accordance with regulations, in the United States for nonprofit purposes to individuals with disabilities, parents of individuals with disabilities, and other individuals directly involved in activities for the advancement of individuals with disabilities, including for the purpose of addressing problem of illiteracy among individuals with disabilities.

(e) **APPROVAL OF APPLICATIONS.**—(1) The Secretary shall, in approving applications under this part, give priority to applications which—

(A) include support for services to make captioned films, descriptive video and educational media available to individuals with disabilities who otherwise lack access to such educational materials;

(B) will provide, directly or indirectly, services to a significant number of postsecondary institutions;

(C) improve access to creditworthy telecommunications coursework to individuals otherwise denied such opportunity;

(D) will be available in the multistate area;

(E) include evidence of significant business support; or

(F) includes matching funds, exceeding the minimum amount required under this part.

(2) In approving applications under this part the Secretary shall insure equitable geographic distribution of grant awards.

(f) **DEFINITION.**—The term "Public Broadcasting Entity" has the same meaning given that term in section 397 of the Communications Act of 1934.

(g) **REPORT.**—Each recipient of a grant under this part shall submit a report including a description of activities supported, a description of the population served, an assessment of the ability of private sector entities to continue the support of the activities in the absence of Federal funding and shall submit such reports to the Secretary no later than 30 days after the conclusion of the grant period. The Secretary shall select reports received under this subsection appropriate for dissemination to the education community and shall make such reports available through the National Diffusion Network.

TITLE II.—ACADEMIC LIBRARIES IN AN ELECTRONIC NETWORKED ENVIRONMENT

SEC. 201. PURPOSE; AUTHORIZATION.

(a) **PURPOSE.**—The Secretary shall carry out a program to assist—

(1) college and university libraries in acquiring technological equipment and in conducting research in information technology in accordance with part A;

(2) in the education and training of persons in library and information science and to encourage research and development relating to improvement of libraries (including the promotion of economical and effective information delivery, cooperative efforts, and developmental projects) in accordance with part B;

(3) the Nation's major research libraries, in maintaining and strengthening their collections, and in making information resources available to other libraries whose users have need for research materials in accordance with part C; and

(4) historically black colleges and universities with programs in library and information sciences to train and educate African Americans and other ethnic minorities in such programs in accordance with part D.

(b) **AUTHORIZATION.**—(1) There are authorized to be appropriated to carry out part A \$25,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

(2) There are authorized to be appropriated to carry out part B \$25,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

(3) There are authorized to be appropriated to carry out part C \$25,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

(4) There are authorized to be appropriated to carry out part D \$25,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

SEC. 202. NOTIFICATION OF STATE AGENCY.

Each institution of higher education which receives a grant under this title shall annually inform the State agency designated pursuant to section 1203 of its activities under this title.

SEC. 203. ADMINISTRATION.

Programs under this title shall be administered in the Department by appropriate experts in library technology, library education, and related fields.

PART A—COLLEGE LIBRARY TECHNOLOGY AND COOPERATION GRANTS

SEC. 211. GRANTS FOR TECHNOLOGY, NETWORKING, AND OTHER PURPOSES.

(a) **AUTHORIZATION.**—The Secretary is authorized to make grants for technological equipment, networking, and other special purposes to—

(1) institutions of higher education which demonstrate a need for special assistance for the planning, development, acquisition, maintenance, or upgrading of technological equipment necessary to organize, access, or utilize materials in electronic for-

mats and to participate in networks for the accessing and sharing of library and information resources;

(2) combinations of higher education institutions which demonstrate a need for special assistance in establishing and strengthening joint-use library facilities, resources, or equipment for the accessing and sharing of library and information resources;

(3) other public and private nonprofit organizations which provide library and information services to institutions of higher education on a formal, cooperative basis for the purpose of establishing, developing, or expanding programs or projects that improve their services to institutions of higher education; and

(4) institutions of higher education conducting research or demonstration projects that improve information services to meet special national or regional needs by utilizing technology to enhance library or information services such as via the National Research and Education Network.

(b) AWARDS REQUIREMENTS.—From funds appropriated for this part, the Secretary shall make competitive awards to institutions or combinations of institutions in each of the categories described in paragraphs (1) through (4) of subsection (a). The minimum award shall be \$25,000 and may be expended over a 3-year period.

(c) GRANTS AMOUNT.—For grants under section 211(a)(1) the maximum award per institution shall be \$35,000. The Secretary shall give priority under section 211(a)(1) to projects which assist those developing institutions seeking to link one or more institutions to resource sharing networks.

(d) GRANTS CRITERIA.—A grant under this section may be made only if the application (whether by an individual institution or a combination of institutions) is approved by the Secretary on the basis of criteria prescribed in regulations and provides satisfactory assurance that the applicant will expend during the 3-year period for which the grant is sought (from funds other than funds received under this title), for the same purpose as such grant, an amount from such other sources equal to not less than one-third of such grant.

PART B—LIBRARY EDUCATION, RESEARCH, AND DEVELOPMENT

SEC. 221. GRANTS AUTHORIZED.

From the amounts appropriated for this part for any fiscal year, the Secretary shall make grants in accordance with sections 222 and 223. Of such amount, two-thirds shall be available for the purpose of section 222 and one-third shall be available for the purpose of section 223.

SEC. 222. LIBRARY EDUCATION AND HUMAN RESOURCE DEVELOPMENT.

(a) PURPOSE AND GRANT CRITERIA.—The Secretary is authorized to make grants to, and contract with, institutions of higher education and library organizations or agencies to assist them in educating and training persons in library and information science, particularly in areas of critical needs, such as recruitment and reten-

tion of minorities. Such grants or contracts may be used by such institutions, library organizations, or agencies—

(1) to assist in covering the cost of courses of study or staff development (including short term or regular session institutes),

(2) to establish and maintain fellowships or traineeships with stipends (including allowances for travel, subsistence, and other expenses) for fellows who demonstrate need and who are working toward a graduate degree and their dependents, not in excess of such maximum amounts as may be determined by the Secretary, and

(3) to establish, develop, or expand programs of library and information science, including new techniques of information transfer and communication technology.

(b) **ADDITIONAL REQUIREMENTS.**—Not less than 50 percent of the grants made under this section shall be for the purpose of establishing and maintaining fellowships or traineeships under subsection (a)(2).

SEC. 223. RESEARCH AND DEMONSTRATION.

The Secretary is authorized to make grants to, and contract with, institutions of higher education and other public and private agencies, institutions, and organizations for research and development projects related to the improvement of libraries, education in library and information science, the enhancement of library services through effective and efficient use of new technologies, and for the dissemination of information derived from such projects.

SEC. 224. CONSULTATION REQUIREMENTS.

The Secretary shall consult with the appropriate library and information science professional bodies in the determination of critical needs under section 222 and in the determination of priorities under section 223.

PART C—IMPROVING ACCESS TO RESEARCH LIBRARY RESOURCES

SEC. 231. RESEARCH LIBRARY RESOURCES.

(a) **PURPOSES AND DEFINITIONS.**—(1) From the amount appropriated for this part, the Secretary shall make grants to institutions with major research libraries.

(2) For the purposes of this part, the term "major research library" means a public or private nonprofit institution (including the library resources of an institution of higher education), an independent research library, or a State or other public library, having a library collection which is available to qualified users and which—

(A) makes a significant contribution to higher education and research;

(B) is broadly based and is recognized as having national or international significance for scholarly research;

(C) is of a unique nature, and contains material not widely available; and

(D) is in substantial demand by researchers and scholars not connected with that institution.

(b) **ELIGIBILITY.**—In determining eligibility for assistance under this part, the Secretary shall permit institutions that do not other-

wise qualify to provide additional information or documents to demonstrate the national or international significance for scholarly research of the particular collection described in the grant proposal.

SEC. 232. GEOGRAPHICAL DISTRIBUTION OF GRANTS.

In making grants under this part, the Secretary shall endeavor to achieve broad and equitable geographical distribution throughout the Nation.

PART D—STRENGTHENING LIBRARY AND INFORMATION SCIENCE PROGRAMS IN HISTORICALLY BLACK COLLEGES AND UNIVERSITIES

SEC. 241. STRENGTHENING LIBRARY AND INFORMATION SCIENCE PROGRAMS IN HISTORICALLY BLACK COLLEGES AND UNIVERSITIES.

(a) **IN GENERAL.**—The Secretary shall make grants to, and contract with, historically black colleges and universities and library organizations or agencies which have nationally approved programs in library and information science to assist them in education and training of African American and other ethnic minorities, particularly in areas of critical needs of library and information science. Such grants or contracts may be used by such institutions, library organizations, or agencies—

(1) to assist in covering the cost of courses of study or staff development (including short-term or regular session institutes),

(2) to establish and maintain fellowships or traineeships with stipends (including allowances for travel, subsistence, and other expenses) for fellows who demonstrate need and who are working toward a graduate degree and their dependents, not in excess of such maximum amounts as may be determined by the Secretary, and

(3) to establish, develop, or expand libraries and library and information science programs, including new techniques of information transfer and communication technology.

(b) **TRAINEESHIPS.**—Not less than 50 percent of the grants made under this section shall be for the purpose of establishing and maintaining fellowships or traineeships under subsection (a)(2).

PART E—FUNDING PROHIBITION

SEC. 251. FUNDING PROHIBITION.

Notwithstanding any other provision of law, amendments to this title establishing new programs or expanding existing programs, enacted pursuant to the Higher Education Amendments of 1992, shall not be funded in fiscal year 1993, or the 4 succeeding fiscal years, unless and until Congress enacts appropriations for programs under this title enacted prior to such amendments at a level no less than the level of funding in effect for such preexisting programs for fiscal year 1992.

TITLE III—INSTITUTIONAL AID

FINDINGS AND PURPOSES

SEC. 301. (a) FINDINGS.—The Congress finds that—

[(1) many institutions of higher education in this era of declining enrollments and scarce resources face problems which threaten their ability to survive;]

(1) there are a significant number of institutions of higher education serving high percentages of minority students and students from low-income backgrounds, that face problems that threaten their ability to survive;

* * * * *

PART A—STRENGTHENING INSTITUTIONS

PROGRAM PURPOSE

SEC 311. (a) * * *

[(D) GRANTS AWARDED; SPECIAL CONSIDERATION.—(1) From the sums available for this part under section 360(a)(1), the Secretary may award grants to any eligible institution with an application approved under section 351 in order to assist such an institution to plan, develop, or implement activities that promise to strengthen the institution.

[(2) Special consideration shall be given to any eligible institution—

[(A) which has endowment funds (other than any endowment fund built under section 332 of this Act as in effect on September 30, 1986, and under part B) the market value of which, per full-time equivalent student, is less than the average current market value of the endowment funds, per full-time equivalent student (other than any endowment fund built under section 332 of this Act as in effect on September 30, 1986, and under part B) at similar institutions; or

[(B) which has expenditures per full-time equivalent student for library materials which is less than the average of the expenditures for library materials per full-time equivalent student by other similarly situated institutions.

[(3) Special consideration shall be given to applications which propose, pursuant to the institution's plan, to engage in—

[(A) faculty development;

[(B) funds and administrative management;

[(C) development and improvement of academic programs;

[(D) acquisition of equipment for use in strengthening funds management and academic programs;

[(E) joint use of facilities such as libraries and laboratories; and

[(F) student services.]

(b) GRANTS AWARDED; ALLOWABLE ACTIVITIES.—From the sums available for this part under section 360(a)(1), the Secretary may award grants to any eligible institution with an application approved under section 351 in order to assist such an institution to plan, develop, or implement activities that promise to strengthen the institution, including—

(1) faculty development;

(2) funds and administrative management;

(3) development and improvement of academic programs;

(4) *acquisition of equipment for use in strengthening funds management and academic programs;*

(5) *joint use of facilities such as libraries and laboratories; and*

(6) *student services.*

SEC. 312 (a) * * *

(b) **ELIGIBLE INSTITUTION.**—For the purpose of this part, the term “eligible institution” means—

(1) and institution of higher education—

(A) * * *

* * * * *

(D) which is accredited by a nationally recognized accrediting agency or association determined by the Secretary to be reliable authority as to the quality of training offered or which is, according to such an agency or association, making reasonable progress toward accreditation; *and*

[(E) except as provided in section 352(b) which has, during the 5 academic years preceding the academic year for which it seeks assistance under this part—

[(i) met the requirement of either subparagraph (C)(i) or (C)(ii), or of both such subparagraphs (simultaneously or consecutively); and

[(ii) met the requirement of subparagraph (D); and

[(F)] (E) which meets such other requirements as the Secretary may prescribe; *and*

(2) any branch of any institution of higher education described under paragraph (1) which by itself satisfies the requirements contained in subparagraphs (A) and (B) of such paragraph [;].

[(3) any institution of higher education which has an enrollment of which at least 20 percent are Mexican, American, Puerto Rican, Cuban, or other Hispanic students, or combination thereof, and which also satisfies the requirements of subparagraphs (A), (B), (C), and (D) or paragraph (1);

[(4) any institution of higher education which has an enrollment of at least 60 percent American Indian, or in the case of Alaska natives, an enrollment of at least 5 percent and which also satisfies the requirements of subparagraphs (A), (B), (C), and (D) of paragraph (1); and

[(5) any institution of higher education which has an enrollment of which at least 5 percent are Native Hawaiian, Asian American, American Samoan, Micronesian, Guamanian (Chamorro), and Northern Marianinan or any combination thereof, and which also satisfies the requirements of subparagraphs (A), (B), (C), and (D) of paragraph (1).]

For purposes of the determination of whether an institution is an eligible institution under this paragraph, the factor described under paragraph (1)(A) shall be given twice the weight of the factor described under paragraph (1)(B).

(c) **ENROLLMENT OF NEEDY STUDENTS.**— For the purpose of this part, the term “enrollment of needy students” means an enroll-

ment at an institution of higher education or a junior or community college which includes—

(1) * * *

(2) a substantial percentage of students receiving Pell Grants in the second fiscal year preceding the fiscal year for which determination is being made, in comparison with the percentage of students receiving Pell Grants at all such institutions in [second preceding fiscal year], *second fiscal year preceding the fiscal year for which the determination is made*, unless the requirement of this subdivision is waived under section 352(a).

* * * * *

DURATION OF GRANT

[SEC. 313. (a) GENERAL RULE.—The Secretary may award a grant to an eligible institution under this part for—

- [**(1) not to exceed 3 years;
- [**(2) not to exceed 4 years; or
- [**(3) not to exceed 5 years.

[(b) PROHIBITION.—An eligible institution that is awarded a grant—

[(1) under paragraph (2) of subsection (a) shall not be eligible to receive a grant under this part during the 4 years immediately following the period that it received such grant; and

[(2) under paragraph (3) of subsection (a) shall not be eligible to receive a grant under this part during the 5 years immediately following the period that it received such grant.]

SEC. 313. (a) AWARD PERIOD.—The Secretary may award a grant to an eligible institution under this part for not to exceed 5 years.

(b) PROHIBITION.—An eligible institution that is awarded a grant under subsection (a) shall not be eligible to receive a grant under this part during the 5 years immediately following the period that it received such a grant.

* * * * *

GOALS FOR FINANCIAL MANAGEMENT AND ACADEMIC PROGRAM

SEC. 315. (a) GOALS.—Any application for a grant under this part shall describe measurable goals for the institution's financial management and academic programs, and include a plan of how the applicant intends to achieve those goals.

(b) CONTINUATION REQUIREMENTS.—Any continuation application shall demonstrate the progress made toward achievement of the goals described pursuant to subsection (a).

* * * * *

PART B—STRENGTHENING HISTORICALLY BLACK COLLEGES AND UNIVERSITIES

* * * * *

GRANTS TO INSTITUTIONS

SEC. 323. (a) GENERAL AUTHORIZATION; USES OF FUNDS.—From amounts available under section 360(a)(2) in any fiscal year the

Secretary shall make grants (under section 324) to institutions which have applications approved by the Secretary (under section 325) for any of the following uses:

(1) * * *

* * * * *

(9) *Establishing or improving a development office to strengthen or improve contributions from alumni and the private sector.*

(10) *Establishing or enhancing a program of teacher education designed to qualify students to teach elementary or secondary education in public schools in the State, and which includes as part of such program, preparation for teacher certification.*

(11) *Establishing community outreach programs which will encourage elementary and secondary students to develop the academic skills and the interest to pursue postsecondary education.*

* * * * *

ALLOTMENTS TO INSTITUTIONS

SEC. 324. (a) * * *

* * * * *

(c) **ALLOTMENT; GRADUATE AND PROFESSIONAL STUDENT BASIS.**—From the amounts appropriated to carry out this part for any fiscal year, the Secretary shall allot to each part B institution a sum which bears the same ratio to one-fourth of that amount as the percentage of graduates per institution, who are admitted to and in attendance at, *within 5 years of graduation with a baccalaureate degree*, a graduate or professional school in a degree program in disciplines in which Blacks are underrepresented, bears to the percentage of such graduates per institution for all part B institutions.

(d) **MINIMUM ALLOTMENT.**—(1) Notwithstanding subsections (a), (b), and (c), the amount allotted to each part B institution under this section shall not be less than **[\$350,000] \$500,000**.

* * * * *

APPLICATIONS

SEC. 325 (a) * * *

* * * * *

(c) **GOALS FOR FINANCIAL MANAGEMENT AND ACADEMIC PROGRAMS.**—Any application for a grant under this part shall describe measurable goals for the institution's financial management and academic programs, and include a plan of how the applicant intends to achieve those goals.

PROFESSIONAL OR GRADUATE INSTITUTIONS

SEC. 326. (a) * * *

* * * * *

(e) **FUNDING RULE.**—(1) No grant may be made in any fiscal year beginning after September 30, 1991, for institutions described in paragraphs (6) through (10) of subsection (f) unless (A) funds appropriated and available for the institutions described in paragraphs (1) through (5) of subsection (f) exceeds the amount so appropriated and available for fiscal year 1991; and (B) an additional amount is appropriated and available for a grant of reasonable size to each of the institutions described in paragraphs (6) through (10) of subsection (f).

(2) No grant may be made in any fiscal year beginning after September 30, 1991, for any institution described in paragraphs (1) through (5) of subsection (f) in excess of the amount the institution received in fiscal year 1991, unless an amount is appropriated and available for each of the institutions described in paragraphs (6) through (10) of subsection (f) which is sufficient to make a grant of \$500,000 to each such institution.

(3) In any fiscal year which the requirements of paragraphs (2) of this subsection are met and an additional amount is appropriated and available for this section, the grant attributable to such additional amount made to each institution described in paragraphs (1) through (10) of subsection (f) shall be equal, except that the requirement of this paragraph may be waived if any such institution cannot meet the matching requirement of subsection (a)(2) with respect to that institution, and the amount available by reason of this exception shall be distributed equally among the remaining institutions described in subsection (f).

(4) In any fiscal year beginning after September 30, 1992, in which the amount appropriated for this section is less than the amount appropriated for the previous fiscal year, the amount which institutions described in subsection (f) receive in that fiscal year shall be ratably reduced. In case additional amounts become available for making grants under this section for the fiscal year during which the preceding sentence is applicable, such reduced amounts shall be increased on the same basis as they were reduced, except that the Morehouse School of Medicine shall not received less than \$3,000,000 in that fiscal year.

[(e)] (f) **ELIGIBLE PROFESSIONAL OR GRADUATE INSTITUTIONS.**—Independent professional or graduate institutions eligible for grants under subsection (a) include—

(1) * * *

* * * * *

- (4) Atlanta University; [and]
- (5) Tuskegee Institute School of Veterinary Medicine[.];
- (6) Xavier University School of Pharmacy;
- (7) Southern University School of Law;
- (8) Texas Southern University School of Law or School of Pharmacy;
- (9) Florida A & M University School of Pharmaceutical Sciences; and
- (10) North Carolina Central University School of Law.

(g) PROHIBITION.—A grant may be made in any fiscal year under this section to either but not both of the institutions described in subsection (e)(8) of this section.

* * * * *

[PART C—CHALLENGE GRANTS FOR INSTITUTIONS ELIGIBLE FOR ASSISTANCE UNDER PART A OR PART B]

[ESTABLISHMENT OF CHALLENGE GRANT PROGRAM]

[SEC. 331. (a) GENERAL AUTHORIZATION; ELIGIBILITY.—(1) From the sums available under section 360(a)(3) for each fiscal year, the Secretary may award a challenge grant to each institution—

[(A) which is an eligible institution under part A or would be considered to be such an institution if section 312(b)(1)(C) referred to a postgraduate degree rather than a bachelor's degree;

[(B) which is an institution under part B or would be considered to such an institution if section 324 referred to a postgraduate degree rather than a baccalaureate degree; or

[(C) which is an institution that makes a substantial contribution to postgraduate medical educational opportunities for minorities and the economically disadvantaged.

[(2) The Secretary may waive the requirements set forth in subparagraph (A) and (B) of paragraph (1) with respect to a postgraduate degree in the case of any institution otherwise eligible under such paragraph for a challenge grant upon determining that the institution makes a substantial contribution to medical education opportunities for minorities and the economically disadvantaged.

[(b) **USES OF FUNDS.**—A grant under this section may be used by an institution eligible for a grant under this section to assist the institution to achieve financial independence.

[(c) **DURATION OF GRANT.**—The Secretary may make a grant under this section for a period of not more than 5 years, subject to annual appropriations.

[(d) **CONTENTS OF APPLICATIONS.**—Any institution eligible for a challenge grant under this section may apply for such a grant under section 351, except that the application for the purpose of this part shall—

[(1) provide assurances that funds will be available to the applicant within one year to match funds that the Secretary is requested to make available to the institution as a challenge grant;

[(2) in the case of an application by a public institution, contain the recommendations of an appropriate State agency responsible for higher education in the State, or provide evidence that the institution requested the State agency to comment but the State agency failed to comment; and

[(3) demonstrate how challenge grant funds will be used to achieve financial independence.

[(e) **NOTICE OF APPROVAL.**—Not later than April 1 of the fiscal year preceding the fiscal year in which any grant is to be made under this section, the Secretary shall determine which institutions

will receive challenge grants under such section and notify the institutions of the amount of the grant.

[(f) PREFERENCE.—In approving applications for such grants, preference shall be given to institutions which are receiving, or have received, grants under part A or part B of this title.]

**PART C—ENDOWMENT CHALLENGE GRANTS FOR INSTITUTIONS
ELIGIBLE FOR ASSISTANCE UNDER PART A OR PART B**

ENDOWMENT CHALLENGE GRANTS

SEC. [332] 331. (a) PURPOSE; DEFINITIONS.—(1) * * *

(2) For the purpose of this section:

(A) * * *

(D) the term "eligible institution" means an institution that is—

(i) an eligible institution under part A or would be considered to be such an institution if section 312(b)(1)(C) referred to a postgraduate degree rather than a bachelor's degree;

(ii) an institution under part B or would be considered to be such an institution if section 324 referred to a postgraduate degree rather than a baccalaureate degree; or

(iii) an institution that makes a substantial contribution to postgraduate medical educational opportunities for minorities and the economically disadvantaged.

The Secretary may waive the requirements of clauses (i) and (ii) of this subparagraph with respect to a postgraduate degree in the case of any institution otherwise eligible under this subparagraph for an endowment challenge grant upon determining that the institution makes a substantial contribution to medical education opportunities for minorities and the economically disadvantaged.

(b) GRANTS AUTHORIZED.—(1) From sums available for this section under section 360, the Secretary is authorized to award endowment challenge grants to eligible institutions of higher education to establish or increase an endowment fund at such institution. Such grants shall be made only to eligible institutions described in paragraph (4) whose applications have been approved pursuant to subsection (g).

(2)(A) * * *

(B) In any fiscal year in which the appropriations for this part exceeds **["\$10,000,000"] \$20,000,000**, the Secretary may make a grant under this part to an eligible institution of higher education if such institution—

(i) has deposited in its endowment fund established under this section an amount which is equal to one-half of the amount of such grant; and

(ii) applies for a grant in an amount exceeding \$1,000,000.

[(C) An eligible institution of higher education that is awarded a grant under this section shall not be eligible to reapply for a grant under this section during the 10 years immediately following the period that it received such grant.]

(C)(i) Except as provided in clause (ii), if the appropriation for this part in a fiscal year is \$20,000,000 or less, an eligible institution of higher education that it awarded a grant under subsection (b)(2)(B) of this section shall not be eligible to reapply for a grant under subsection (b)(2)(B) of this section during the 10 years immediately following the period that it received such a grant.

(ii) If the appropriation for this part in any fiscal year is greater than \$20,000,000, an eligible institution of higher education that is awarded a grant under subsection (b)(2)(B) of this section shall not be eligible to reapply for a grant under subsection (b)(2)(B) of this section during the 5 years immediately following the period that it received such a grant. This provision shall apply for the fiscal year in which the appropriation is greater than \$20,000,000 and subsequent fiscal years, regardless of the appropriation in those fiscal years.

* * * * *

(4)(A) An institution of higher education is eligible to receive a grant under this section if it is an eligible institution as described in [section 331(a)(1)] subsection (a)(2)(D) of this section.

(B) No institution shall be ineligible for [a challenge grant under this section] an endowment challenge grant under this section for a fiscal year by reason of the previous receipt of such a grant but no institution shall be eligible to receive such a grant for more than 2 fiscal years out of any period of 5 consecutive fiscal years.

(5) Except as provided in paragraph (2)(B), [a challenge grant under this section to an eligible institution year] an endowment challenge grant under this section to an eligible institution shall—

(A) not be less than \$50,000 for any fiscal year; and

[(B) not be more than (i) \$250,000 for fiscal year 1987; or (ii) \$500,000 for fiscal year 1988 or any succeeding fiscal year.]

(B) not more than \$500,000 for fiscal year 1992 or any succeeding fiscal year.

* * * * *

(f) SELECTION CRITERIA.—In selecting eligible institutions for grants under this section for any fiscal year, the Secretary shall—

(1) give priority to an applicant which is a recipient of a grant made under part A or B (or section 355) of this title during the academic year in which the applicant is applying for a grant under this section, or to an applicant that has received a grant under part A or part B of this title within the 5 fiscal years prior to the fiscal year in which the applicant is applying for a grant under this section;

* * * * *

(g) APPLICATION.—Any institution which is eligible for assistance under this section may submit to the Secretary a grant application at such time, in such form, and containing such information as the Secretary may prescribe, including a description of the long- and short-term plans for raising and using the funds under this part. Subject to the availability of appropriations to carry out this section and consistent with the requirement of subsection (f), the Secretary may approve an application for a grant if an institution, in

its application, provides adequate assurances that it will comply with the requirements of this section.

* * * * *

(i) **SET-ASIDE FOR HISTORICALLY BLACK COLLEGES AND UNIVERSITIES.**—In any fiscal year beginning after September 30, 1992, the Secretary shall set aside 30 percent of the amount appropriated for that fiscal year pursuant to section 360 for challenge grants to Historically Black Colleges and Universities unless there are an insufficient number of quality applications or an insufficient number of applications due to the provisions in subsection (b)(2)(C) or subsection (b)(4)(B).

PART D—GENERAL PROVISIONS

APPLICATIONS FOR ASSISTANCE

SEC. 351. (a) * * *

(b) **CONTENTS.**—An institution, in its application for a grant, shall—

(1) * * *

* * * * *

(7) describe in a comprehensive manner any proposed project for which funds are sought under the application and include—

(A) * * *

* * * * *

[(D) information explaining the manner in which the proposed project will assist the applicant to prepare for the critical financial problems that all institutions of higher education will face during the subsequent decade as a result of declining enrollment, and other problems;

[(E)](D) a detailed budget showing the manner in which funds for any proposed project would be spent by the applicant; and

[(F)](E) a detailed description of any activity which involves the expenditure of more than \$25,000, as identified in the budget referred to in subparagraph (E); and

[SPECIAL PAYMENTS RULES

[(SEC. 355. (a) **HISTORICALLY BLACK COLLEGE PAYMENT RULE.**—Any historically Black college or university which, prior to September 30, 1986, received a grant under part A or B of this title as in effect prior to such date and continues to receive a grant under such part A or part B for any fiscal year beginning after September 30, 1986, and ending prior to October 1, 1991, shall be paid from amounts appropriated to carry out part B of this title.

[(b) **OTHER INSTITUTIONS SPECIAL PAYMENT RULE.**—Each eligible institution other than an historically Black college or university which received a grant under part A or part B of this title as in effect prior to such date and continues to receive a grant under such part A or part B for any fiscal year beginning after Septem-

ber 30, 1986, and ending prior to October 1, 1991, shall be paid out of appropriations made pursuant to part A.

[(c) SPECIAL RULE FOR UNOBLIGATED PART A AND PART B FUNDS.]—In any fiscal year in which amounts appropriated pursuant to part A or part B for this title are available for obligation in the year succeeding the year in which the funds were appropriated, the Secretary shall make such funds available for grants under section 332, relating to the endowment challenge grant program, for the same type of institution for which the grants would have been made had the funds been paid pursuant to such part A or part B.]

ASSISTANCE TO INSTITUTIONS OTHER PROGRAMS

SEC. [356.] 355. (a) ASSISTANCE ELIGIBILITY.—Each institution which the Secretary determines to be an institution eligible under part A or an institution eligible under part B shall be eligible for waivers in accordance with subsection (b).

* * * * *

LIMITATIONS

SEC. [357.] 356. The funds appropriated under section 360 may not be used—

- (1) for a school or department of divinity or any religious worship or sectarian activity;
- (2) for an activity that is inconsistent with a State plan for desegregation of higher education applicable to such institution;
- (3) for an activity that is inconsistent with a State plan of higher education applicable to such institution; or
- (4) for purposes other than the purposes set forth in the approved application under which the funds were made available to the institution.

PENALTIES

SEC. [358.] 357. Whoever, being an officer, director, agent, or employee of, or connected in any capacity with, any recipient of Federal financial assistance or grant pursuant to this title embezzles, willfully misapplies, steals, or obtains by fraud any of the funds which are the subject of such grant or assistance, shall be fined not more than \$10,000 or imprisoned for not more than 2 years, or both.

[CHALLENGE GRANT APPLICATION REQUIRED]

[SEC. 359. The Secretary shall not make a Challenge Grant to any grantee institution under section 313(a)(2) or under part B which has not applied for funds under part C and complied with section 332(a)(1) of part C after September 30, 1939.]

AUTHORIZATIONS OF APPROPRIATIONS

[SEC. 360. (a) AUTHORIZATIONS.]—(1) There are authorized to be appropriated to carry out part A \$120,000,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

[(2)(A) There are authorized to be appropriated to carry out part B (other than section 326) \$100,000,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

[(B) There are authorized to be appropriated to carry out section 326 \$5,000,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

[(3) There are authorized to be appropriated to carry out part C \$20,000,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

[(4) Funds appropriated for part C shall remain available until expended.]

SEC. 358. (a) AUTHORIZATIONS.—(1) *There are authorized to be appropriated to carry out part A, \$150,000,000 for fiscal year 1993, and such sums as may be necessary for the 4 succeeding fiscal years.*

(2)(A) *There are authorized to be appropriated to carry out part B (other than section 326), \$150,000,000 for fiscal year 1993, and such sums as may be necessary for the 4 succeeding fiscal years.*

(B) *There are authorized to be appropriated to carry out section 326, \$20,000,000 for fiscal year 1993, and such sums as may be necessary for the 4 succeeding fiscal years.*

(3) *There are authorized to be appropriated to carry out part C, \$60,000,000 for fiscal year 1993, and such sums as may be necessary for the 4 succeeding fiscal years.*

* * * * *

(c) RESERVATIONS.—If the amount appropriated under subsection (a)(1) for part A for any fiscal year beginning after September 30, 1986, equals or exceeds the amount appropriated for such part for fiscal year [1986—] 1986, the Secretary shall, for such fiscal year—

[(1) the Secretary shall, for such fiscal year, make available for use for the purposes of part A to institutions that are junior or community colleges not less than \$51,400,000; and

[(2) the Secretary shall, for such fiscal year—

[(A) allocate 25 percent of the excess (above the amount appropriated for part A for fiscal year 1986) among eligible institutions with the highest percentages of students who are Black Americans, Hispanic Americans, Native Americans, Asian Americans, Native Hawaiians, or Pacific Islanders, or any combination thereof; and

[(B) allocate 75 percent of such excess among other eligible institutions.]

(1) *allocate 25 percent of the excess (above the amount appropriated for part A for fiscal year 1986) among eligible institutions at which at least 60 percent of the students are Black Americans, Hispanic Americans, Native Americans, Asian Americans, Native Hawaiians, or Pacific Islanders, or any combination thereof; and*

(2) *allocate 75 percent of such excess among other eligible institutions.*

* * * * *

TITLE IV—STUDENT ASSISTANCE

PART A—GRANTS TO STUDENTS IN ATTENDANCE AT INSTITUTIONS OF HIGHER EDUCATION

STATEMENT OF PURPOSE; PROGRAM AUTHORIZATION

SEC. [401]. 400. (a) **PURPOSE.**—It is the purpose of this part, to assist in making available the benefits of postsecondary education to eligible students (defined in accordance with section 484) in institutions of higher education by—

(1) providing basic educational opportunity grants to all eligible students;

(2) providing supplemental educational opportunity grants to those students who demonstrate financial need;

(3) providing for payments to the States to assist them in making financial aid available to such students;

(4) providing for special programs and projects designed (A) to identify and encourage qualified youths with financial or cultural need with a potential for postsecondary education, (B) to prepare students from low-income families for postsecondary education, and (C) to provide remedial (including remedial language study) and other services to students; and

(5) providing assistance to institutions of higher education.

(b) **SECRETARY REQUIRED TO CARRY OUT PURPOSES.**—The Secretary shall, in accordance with subparts 1 through 8, carry out programs to achieve the purposes of this part.

Subpart 1—Federal Early Outreach and Student Services Programs

SEC. 401. FINDINGS.

The Congress finds that—

(1) *the demands for services to qualified individuals from disadvantaged backgrounds and students with disabilities far exceeds currently available services;*

(2) *success in secondary schools is an important determinant of success of postsecondary education;*

(3) *individuals must be served at younger ages to make them successful in secondary school and postsecondary education;*

(4) *many elementary and secondary school students and their parents are not aware of college opportunities and the options for financing college early enough in their schooling to allow them to study and plan for their graduation from secondary school and to apply to colleges;*

(5) *many potential college students do not complete secondary school or pursue college education due to financial barriers;*

(6) *emerging demographic projections of children in prekindergarten through high school age groups point to a growing number who will likely experience such barriers;*

(7) *new incentives must be found to promote school performance and reduce the number of students who drop out before completing secondary school by assuring that low-income students and students with disabilities who complete secondary school or the equivalent and are accepted into college will have*

the opportunity to receive a college education, and to inform students early in their education of such opportunities;

(8) for the well-being of the United States and in order to develop the full potential of each citizen, all students, including students with disabilities, and their families must receive pertinent and thorough higher education counseling and information on the availability and extent of student financial assistance programs;

(9) information on postsecondary education opportunities, with emphasis on precollege guidance and college admission counseling should be made readily available to school counselors, teachers (including vocational and special education teachers), and school administrative staff;

(10) all schools and public libraries should have thorough and up-to-date information on financial assistance programs;

(11) schools should have access to information on various types of precollege guidance counseling programs, including what programs have been successful in what environments, such as rural, suburban and urban, in order to fashion programs that are most beneficial to their community;

(12) counselors, teachers, and principals in schools which have a low rate of students who continue on to higher education should receive extra training in precollege guidance and financial assistance opportunities, and especially in early intervention programs; and

(13) counseling and motivating students to strive for postsecondary education opportunities will have the added benefit of retaining more students in high school to complete the work necessary to obtain their high school diplomas

CHAPTER 1—TRIO PROGRAMS

SEC. 401A. PROGRAM AUTHORITY; AUTHORIZATION OF APPROPRIATIONS.

(a) **GRANTS AND CONTRACTS AUTHORIZED.**—The Secretary shall, in accordance with the provisions of this chapter, carry out a program of making grants and contracts designed to identify qualified individuals from disadvantaged backgrounds, to prepare them for a program of postsecondary education, to provide support services for such students who are pursuing programs of postsecondary education, to motivate and prepare students for doctoral programs, and to train individuals serving or preparing for service in programs and projects so designed.

(b) **ELIGIBLE GRANT AND CONTRACT RECIPIENTS.**—For the purposes described in subsection (a), the Secretary is authorized, without regard to section 3709 of the Revised Statutes (41 U.S.C. 5), to make grants to, and contracts with, institutions of higher education, public and private agencies and organizations, combinations of such institutions, agencies, and organizations, and, in exceptional circumstances, secondary schools for planning, developing, or carrying out one or more of the services assisted under this chapter.

(c) **AWARDING GRANTS AND CONTRACTS.**—(1) In making grants and contracts under this chapter, the Secretary shall consider the prior experience of service delivery under the particular program for which funds are sought by each applicant. For fiscal years after

1985, the level of consideration given to prior experience shall not vary from the level of consideration given this factor for fiscal year 1985.

(2) The Secretary shall fund applications received under this chapter in the order of the scores received in the peer review process required under section 1210 as adjusted for prior experience under section 401A(c)(1).

(3) In any year in which appropriations permit, the Secretary shall provide inflationary increases to institutions continuing to sponsor projects under this chapter. Such inflation adjustment shall reflect the rate of increase in the Consumer Price Index.

(4) After making the adjustment required in section 401A(c)(3), in any year in which the appropriations authorized under this chapter exceed the prior year appropriation as adjusted for inflation, the Secretary shall use 80 percent of the amount appropriated above the current services level to bring the award up to the minimum grant level or the amount requested by the institution or agency, whichever is less. The minimum grant level (A) for programs authorized under section 401D or 401G, shall not be less than \$170,000 for fiscal year 1993; (B) for programs authorized under section 401B or 401F shall not be less than \$180,000 for fiscal year 1994; and (C) for programs authorized under section 401C or 401E shall not be less than \$190,000 for fiscal year 1995.

(5) Grants or contracts made under this chapter should be for a period of five years, subject to continuing appropriations allowing for such awards.

(6) For institutions, agencies, and organizations sponsoring projects authorized under this chapter, the Secretary shall inform the institution, agency, or organization regarding the status of their application for continued funding at least 10 months prior to the expiration of existing funding. For institutions, agencies, and organizations seeking funding for a project under this chapter not currently operated by the institution, organization or agency, the Secretary shall inform the institution, agency or organization regarding the status of their application at least ten months prior to the proposed start-up date. The Secretary shall ensure that the start-up date for new grants authorized under this chapter immediately follows upon the termination of the preceding grant so that, for successful applicants, no break in funding occurs.

(d) **EARLY NOTIFICATION AND TECHNICAL TRAINING.**—(1) The Secretary shall provide notification about deadlines for submission of applications to potential providers of programs and projects assisted under this chapter including institutions of higher education, community based organizations, local educational agencies, and public and private nonprofit organizations. The Secretary shall provide such information no later than 120 days prior to the deadline of submission for applications and shall consult national, State, and regional organizations about candidates for notification.

(2) The Secretary shall provide technical training to applicants for projects and programs authorized under this chapter. Technical training activities shall include the provision of information on authorizing legislation, goals and objectives of the program, required activities, eligibility requirements, the application process and application deadlines, and assistance in the development of program pro-

posals and the completion of program applications. Such training shall be furnished at conference, seminars, and workshops to be conducted at no less than 10 sites throughout the country to ensure that all areas of the country with large concentrations of eligible participants are served.

(e) **APPLICATION REVIEW PROCESS.**—(1) The Secretary shall assure that, to the extent practicable, members of groups underrepresented in higher education, including Blacks, Hispanics, Native Americans, Asian Americans, Native American Pacific Islanders (including Native Hawaiians), are represented as readers of applications submitted under this subpart in proportions which reflect their eligibility for the programs and projects assisted under this chapter. The Secretary shall also assure that persons from rural backgrounds are represented as readers.

(2) The Secretary shall assure that each application submitted under this subpart is read by at least 3 outside readers.

(f) **APPLICATIONS FOR GRANTS AND CONTRACTS UNDER THIS CHAPTER.**—The Secretary shall not limit the number of applications submitted by an institution, agency, or organization under any program authorized under this chapter.

(g) **AUTHORIZATION OF APPROPRIATIONS.**—For the purpose of making grants and contracts under this chapter, there are authorized to be appropriated \$750,000,000 for fiscal year 1993, and such sums as may be necessary for the 4 succeeding fiscal years.

(h) **DEFINITIONS.**—For the purpose of this chapter:

(1) The term "first generation college student" means—

(A) an individual both of whose parents did not complete a baccalaureate degree; or

(B) in the case of any individual who regularly resided with and received support from only one parent, an individual whose only such parent did not complete a baccalaureate degree.

(2) The term "low-income individual" means an individual from a family whose taxable income for the preceding year did not exceed 150 percent of an amount equal to the poverty level determined by using criteria of poverty established by the Bureau of the Census. For purposes of establishing eligibility for the services under sections 401B and 401F documentation that an individual is a low-income individual may only include the following: a signed statement from the parent or legal guardian, verification from another governmental source, a signed financial aid application, a signed Federal tax return, or for individuals over eighteen and for individuals defined as independent students under section 480, a signed statement from the individual. For purposes of establishing eligibility for services under section 401C documentation that an individual is a low-income individual may only include the following: a signed statement from a parent or legal guardian, verification from another governmental source, or a signed Federal income tax return. For purposes of establishing eligibility for services under sections 401D and 401E documentation that an individual is a low-income individual may only include a signed financial aid application.

(3) No veteran shall be deemed ineligible to participate in any program under this chapter by reason of such individual's age who—

(A) served on active duty for a period of more than 180 days, any part of which occurred after January 31, 1955, and was discharged or released therefrom under conditions other than dishonorable; or

(B) served on active duty after January 31, 1955, and was discharged or released therefrom because of a service connected disability.

(i) **COORDINATION WITH OTHER PROGRAMS FOR DISADVANTAGED STUDENTS.**—The Secretary shall encourage coordination of programs funded under this chapter with other programs for disadvantaged students operated by the sponsoring institution or agency, regardless of funding source. The Secretary shall publish no regulation which limits an institution, organization, or agency's ability to receive funding under this subpart by virtue of its sponsorship of similar programs regardless of funding source. The Secretary shall not require a separate director for a project funded under this chapter if the imposition of this requirement would hinder coordination among projects funded under this chapter or of similar projects funded under this chapter with projects funded through other sources.

SEC. 401B. TALENT SEARCH.

(a) **PROGRAM AUTHORITY.**—The Secretary shall carry out a program to be known as talent search which shall be designed—

(1) to identify qualified youths with potential for education at the postsecondary level and to encourage such youths to complete secondary school and to undertake a program of postsecondary education;

(2) to publicize the availability of student financial assistance available to persons who pursue a program of postsecondary education; and

(3) to encourage persons who have not completed programs of education at the secondary or postsecondary level, but who have the ability to complete such programs, to reenter such programs.

(b) **PERMISSIBLE SERVICES.**—Any talent search project assisted under this chapter may provide services such as—

(1) academic advice and assistance in high school and college course selection;

(2) assistance in completing college admission and financial aid applications;

(3) assistance in preparing for college entrance examinations;

(4) guidance on high school reentry or entry to GED or other alternative education programs for high school dropouts;

(5) personal and career counseling;

(6) tutorial services;

(7) exposure to college campuses as well as cultural events, academic programs and other sites or activities not usually available to disadvantaged youth;

(8) workshops and counseling for parents of students served;

(9) mentoring programs involving elementary or secondary school teachers, faculty members at institutions of higher education, students, or any combination of such persons; and

(10) programs and activities as described in paragraphs (1) through (9) which are specially designed for students of limited English proficiency.

(c) **REQUIREMENTS FOR APPROVAL OF APPLICATIONS.**—In approving applications for talent search projects under this chapter for any fiscal year the Secretary shall—

(1) require an assurance that not less than two-thirds of the individuals participating in the project proposed to be carried out under any application be low-income individuals who are first generation college students;

(2) require that such participants be persons who either have completed 5 years of elementary education or are at least 11 years of age but not more than 27 years of age, unless the imposition of any such limitation with respect to any person would defeat the purposes of this section or the purposes of section 401F;

(3) require an assurance that individuals participating in the project proposed in the application do not have access to services from another project funded under this section or under section 401F; and

(4) require an assurance that the project will be located in a setting accessible to the persons proposed to be served by the project.

SEC. 401C. UPWARD BOUND.

(a) **PROGRAM AUTHORITY.**—The Secretary shall carry out a program to be known as upward bound which shall be designed to generate skills and motivation necessary for success in education beyond high school.

(b) **PERMISSIBLE SERVICES.**—Any upward bound project assisted under this chapter may provide services such as—

(1) instruction in reading, writing, study skills, mathematics, and other subjects necessary for success beyond high school;

(2) personal counseling;

(3) academic advice and assistance in high school course selection;

(4) tutorial services;

(5) exposure to cultural events, academic programs, and other activities not usually available to disadvantaged youth;

(6) activities designed to acquaint youths participating in the project with the range of career options available to them;

(7) instruction designed to prepare youths participating in the project for careers in which persons from disadvantaged backgrounds are particularly underrepresented;

(8) on-campus residential programs;

(9) mentoring programs involving elementary or secondary school teachers, faculty members at institutions of higher education, students, or any combination of such persons; and

(10) programs and activities as described in paragraphs (1) through (9) which are specially designed for students of limited English proficiency.

(c) **REQUIRED SERVICES.**—Any upward bound project assisted under this chapter which has received funding for two or more years shall include mathematics through precalculus, a minimum of one laboratory science, and composition and literature as part of their core curriculum.

(d) **REQUIREMENTS FOR APPROVAL OF APPLICATIONS.**—In approving applications for upward bound projects under this chapter for any fiscal year, the Secretary shall—

(1) require an assurance that not less than two-thirds of the youths participating in the project proposed to be carried out under any application be low-income individuals who are first generation college students;

(2) require an assurance that the remaining youths participating in the project proposed to be carried out under any application be either low-income individuals or first generation college student;

(3) require that there be a determination by the institution, with respect to each participant in such project that the participant has a need for academic support in order to pursue successfully a program of education beyond high school; and

(4) require that such participants be persons who have completed 8 years of elementary education and are at least 13 years of age but not more than 19 years of age, unless the imposition of any such limitation would defeat the purposes of this section.

(e) **MAXIMUM STIPENDS.**—Youths participating in a project proposed to be carried out under any application may be paid stipends not in excess of \$60 per month during June, July, and August, and not in excess of \$40 per month during the remaining period of the year.

SEC. 401D. STUDENT SUPPORT SERVICES.

(a) **PROGRAM AUTHORITY.**—The Secretary shall carry out a program to be known as student support services which shall be designed—

(1) to increase college retention and graduation rates for eligible students;

(2) to increase the transfer rates of eligible students from two year or four year institutions; and

(3) to foster an institutional climate supportive of the success of low-income and first-generation college students and individuals with disabilities.

(b) **PERMISSIBLE SERVICES.**—A student support services project assisted under this chapter may provide services such as—

(1) instruction in reading, writing, study skills, mathematics, and other subjects necessary for success beyond high school;

(2) personal counseling;

(3) academic advice and assistance in course selection;

(4) tutorial services and counseling and peer counseling;

(5) exposure to cultural events and academic programs not usually available to disadvantaged students;

(6) activities designed to acquaint students participating in the project with the range of career options available to them;

(7) activities designed to assist students participating in the project in securing admission and financial assistance for enrollment in graduate and professional programs;

(8) activities designed to assist students currently enrolled in 2-year institutions in securing admission and financial assistance for enrollment in a four-year program of postsecondary education;

(9) mentoring programs involving either elementary/secondary school teachers, faculty members at institutions of higher education, students, or any combination of such persons; and

(10) programs and activities as described in paragraphs (1) through (9) which are specifically designed for students of limited English proficiency.

(c) **REQUIREMENTS FOR APPROVAL OF APPLICATIONS.**—In approving applications for student support services projects under this chapter for any fiscal year, the Secretary shall—

(1) require an assurance that not less than two-thirds of the persons participating in the project proposed to be carried out under any application—

(A) be individuals with disabilities, or

(B) be low-income individuals who are first generation college students;

(2) require an assurance that the remaining students participating in the project proposed to be carried out under any application either be low-income individuals, first generation college students, or individuals with disabilities;

(3) require an assurance that not less than one-third of the individuals with disabilities participating in the project be low-income individuals;

(4) require that there be a determination by the institution, with respect to each participant in such project, that the participant has a need for academic support in order to pursue successfully a program of education beyond high school;

(5) require that such participants be enrolled or accepted for enrollment at the institution which is the recipient of the grant or contract; and

(6) require an assurance from the institution which is the recipient of the grant or contract that each student enrolled in the project will be offered sufficient financial assistance to meet that student's full financial need.

SEC. 401E. POST-BACCALAUREATE ACHIEVEMENT PROGRAM AUTHORITY.

(a) **PROGRAM AUTHORITY.**—The Secretary shall carry out a program to be known as the "Ronald E. McNair Post-Baccalaureate Achievement Program" that shall be designed to provide disadvantaged college students with effective preparation for doctoral study.

(b) **SERVICES.**—A post-baccalaureate achievement project assisted under this section may provide services such as—

(1) opportunities for research or other scholarly activities at the institution or at graduate centers designed to provide students with effective preparation for doctoral study;

(2) summer internships;

(3) seminars and other educational activities designed to prepare students for doctoral study;

(4) tutoring;

(5) academic counseling;

(6) activities designed to assist students participating in the project in securing admission to and financial assistance for enrollment in graduate programs;

(7) mentoring programs involving elementary or secondary school teachers, faculty members at institutions of higher education, students, or any combination of such persons; and

(8) exposure to cultural events and academic programs not usually available to disadvantaged students.

(c) **REQUIREMENTS.**—In approving application for post-baccalaureate achievement projects assisted under this section for any fiscal year, the Secretary shall require—

(1) an assurance that not less than two-thirds of the individuals participating in the project proposed to be carried out under any application be low-income individuals who are first-generation college students;

(2) an assurance that the remaining persons participating in the project proposed to be carried out be from a group that is underrepresented in graduate education;

(3) an assurance that participants be enrolled in a degree program at an eligible institution in accordance with the provisions of section 487; and

(4) an assurance that participants in summer research internships have completed their sophomore year in post-secondary education.

(d) **AWARD CONSIDERATIONS.**—In addition to such other selection criteria as may be prescribed by regulations, the Secretary shall consider in making awards to institutions under this section—

(1) the quality of research and other scholarly activities in which students will be involved;

(2) the level of faculty involvement in the project and the description of the research in which students will be involved; and

(3) the institution's plan for identifying and recruiting participants including students enrolled in projects authorized under this section.

(e) **STIPENDS.**—Students participating in research under a post-baccalaureate achievement project may receive stipends not to exceed \$2,400 per annum. In addition, costs for summer room and board, summer tuition, and transportation to summer programs may be paid.

SEC. 401F. EDUCATIONAL OPPORTUNITY CENTERS.

(a) **PROGRAM AUTHORITY; SERVICES PROVIDED.**—The Secretary shall carry out a program to be known as educational opportunity centers which shall be designed—

(1) to provide information with respect to financial and academic assistance available for individuals desiring to pursue a program of postsecondary education; and

(2) to provide assistance to such persons in applying for admission to institutions at which a program of postsecondary education is offered, including preparing necessary applications for use by admissions and financial aid officers.

(b) **PERMISSIBLE SERVICES.**—An educational opportunity center assisted under this chapter may provide services such as—

- (1) public information campaigns designed to inform the community regarding opportunities for postsecondary education and training;
- (2) academic advice and assistance in course selection;
- (3) assistance in completing college admission and financial aid applications;
- (4) assistance in preparing for college entrance examinations;
- (5) guidance on high school reentry or entry to GED or other alternative education programs for high school dropouts;
- (6) personal counseling;
- (7) tutorial services;
- (8) career workshops and counseling;
- (9) mentoring programs involving elementary or secondary school teachers, faculty members at institutions of higher education, students, or any combination of such persons; and
- (10) programs and activities as described in paragraphs (1) through (9) which are specially designed for students of limited English proficiency.

(c) **REQUIREMENTS FOR APPROVAL OF APPLICATIONS.**—In approving applications for educational opportunity centers under this chapter for any fiscal year the Secretary shall—

- (1) require an assurance that not less than two-thirds of the persons participating in the project proposed to be carried out under any application be low-income individuals who are first generation college students;
- (2) require that such participants be persons who are at least nineteen years of age, unless the imposition of such limitation with respect to any person would defeat the purposes of this section or the purposes of section 401B; and
- (3) require an assurance that individuals participating in the project proposed in the application do not have access to services from another project funded under this section or under section 401B.

SEC. 401G. STAFF DEVELOPMENT ACTIVITIES.

For the purpose of improving the operation of the programs and projects authorized by this chapter, the Secretary is authorized to make grants to institutions of higher education and other public and private nonprofit institutions and organizations to provide training for staff and leadership personnel employed in, or preparing for employment in, such programs and projects. Such training shall include conferences, internships, seminars, workshops, and the publication of manuals designed to improve the operation of such programs and projects and shall be carried out in the various regions of the Nation in order to ensure that the training opportunities are appropriate to meet the needs in the local areas being served by such programs and projects. Such training shall be offered annually for new directors of projects funded under this chapter as well as annually on the following topics and other topics chosen by the Secretary: legislative and regulatory requirements for the operation of programs funded under this chapter, assisting students in receiving adequate financial aid from programs funded under this title

and other programs, and the design and operation of model programs for projects funded under this chapter. Grants for the purposes of this section shall be made only after consultation with regional and State professional associations of persons having special knowledge with respect to the needs and problems of such programs and projects.

SEC. 401H. OUTREACH GRANTS.

For the purpose of better serving populations eligible for programs and projects authorized under this subpart, the Secretary is authorized to make grants to institutions of higher education, community-based organizations and other public and private nonprofit organizations to provide outreach to potential providers of programs and projects authorized under this subpart including institutions of higher education, community-based organizations, local educational agencies, and other public and private nonprofit organizations. Outreach activities shall seek to inform potential providers that could serve groups underrepresented in the program about authorizing legislation, goals and objectives of the program, required activities, eligibility requirements, the application process and deadlines for submission of applications, and suggestions for successful programs. Such activities shall include the publication of informational materials, information dissemination, and informational meetings.

SEC. 401I. EVALUATION FOR PROJECT IMPROVEMENT.

For the purpose of improving the operation of the programs and projects authorized by this chapter, the Secretary is authorized to make grants and contracts to institutions of higher education and other public and private institutions and organizations to evaluate the effectiveness of the various programs authorized under this chapter in meeting the purposes identified in the chapter. Such evaluations shall identify institutional, community and program practices particularly effective in increasing the access of low-income and first generation college students to postsecondary education, their preparation for postsecondary education, and their success in postsecondary education. In order to improve program effectiveness, the results of these on-going evaluations shall be disseminated to similar programs funded under this chapter as well as other individuals concerned with the postsecondary access and retention of low-income, first generation college students.

CHAPTER 2—NATIONAL LIBERTY SCHOLARSHIPS AND PARTNERSHIPS PROGRAMS

SEC. 403A. PROGRAMS AUTHORIZED.

The Secretary is authorized, in accordance with the requirements of this chapter, to establish—

(1) a program to encourage States to provide or maintain a guarantee to low-income students who obtain a high-school diploma (or its equivalent), of the financial assistance necessary to permit them to attend an institution of higher education; and

(2) a program to provide incentives to State, in cooperation with local educational agencies, institutions of higher educa-

tion, and community organizations, to provide additional counseling, outreach, and supportive services—

(A) to elementary, middle, and secondary school students who are at risk of dropping out of school; and

(B) to students and their parents regarding their college financing options.

SEC. 403B. STATE ELIGIBILITY; STATE PLAN.

(a) **IN GENERAL.**—In order for a State to qualify for a grant under this chapter, the State shall submit to the Secretary a plan for carrying out its programs under this chapter. Such plan shall be in such form, contain or be accompanied by such information or assurances, and be submitted at such time as the Secretary may require by regulation.

(b) **FINANCIAL AID REQUIREMENT.**—The Secretary shall not approve a plan submitted under subsection (a) for payments under section 403E(a) unless such plan—

(1) provides that the State will provide, from State, local, or private funds, not less than one-half the cost of the financial aid program required by section 403C;

(2) specifies the methods by which such share of the costs will be paid;

(3) designates as eligible for participation in the program all qualified students; and

(4) provides that the State will provide first preference for payments of funds under subpart 3 of this part to those students eligible for grants under section 403C.

(c) **PARTNERSHIP REQUIREMENTS.**—The Secretary shall not approve a plan submitted under subsection (a) for payments under section 403E(b) unless such plan—

(1) provides that the State will match, from State, local, or private funds, the amount provided by section 403E.(c) for the comprehensive mentoring, counseling, outreach, and support service programs required by section 403D;

(2) specifies the methods by which such share of the costs will be paid;

(3) includes provisions designed to assure that the State education agency or State higher education agency will administer the mentoring, counseling, outreach, and support services program authorized by this chapter in the State;

(4) includes provisions designed to assure that the mentoring, counseling, outreach, and support services program is comprehensive and addresses personal and educational needs and financing options, each of which shall be designed to ensure high school completion and college enrollment of at-risk children; and

(5) includes provisions designed to assure that funds provided under section 403B(a)(1) shall supplement and not supplant funds expended for existing State and local programs.

(d) **METHODS FOR COMPLYING WITH MATCHING REQUIREMENT.**—A State may count toward the contribution required by subsection (b)(1) the sum of—

(1) the amount of the grants paid to students from State, local, or private funds under section 403C; and

(2) the amount of tuition, fees, room or board waived or reduced for recipients of grants funded by section 403C.

SEC. 403C. FINANCIAL AID PROGRAM.

(a) **IN GENERAL.**—In order to receive payments under section 403E(a), a State shall establish or maintain a financial assistance program that awards grants to students in accordance with the requirements of this chapter.

(b) **GRANT AMOUNTS.**—The maximum amount of the grant that a qualified student in any participating State shall be eligible to receive under this chapter shall be established by the State. The minimum amount of the grant shall not be less than 75 percent of the average cost of attendance for an in-State student, in a 4-year program of instruction, at public institutions of higher education in such State, as determined in accordance with regulations prescribed by the Secretary.

(c) **GRANT RECIPIENT SELECTION.**—Selection of recipients of these grants will be on the basis of substantial financial need determined annually on the basis of criteria established by the State and approved by the Secretary, except that all recipients must satisfy the requirements of section 403G.

SEC. 403D. PARTNERSHIP PROGRAM.

(a) **IN GENERAL.**—In order to receive payments under section 403E(b), a State shall demonstrate to the satisfaction of the Secretary that the State has increased the aggregate amount expended by the State to provide comprehensive mentoring, counseling, outreach, and supportive services.

(b) **PROGRAM QUALIFYING FOR CREDIT.**—

(1) **CRITERIA.**—The Secretary shall, by regulation, establish criteria for determining whether comprehensive mentoring, counseling, outreach, and supportive services programs may be counted for purposes of subsection (a).

(2) **PERMISSIBLE ACTIVITIES.**—Examples of acceptable activities include:

(A) Activities designed to ensure high school completion and college enrollment of at-risk children, including identification of at-risk children, after school and summer tutoring, assistance in obtaining summer jobs, academic counseling, volunteer and parent involvement and former or current scholarship recipients as mentor or peer counselors, skills assessment, personal counseling, family counseling and home visits, and staff development, and programs and activities as described above which are specially designed for students of limited English proficiency; and

(B) Prefreshman summer programs that—

(i) are at institutions of higher education that also have programs of academic year supportive services for disadvantaged students through projects authorized under section 401D of this subpart or through comparable projects funded by the State or other sources;

(ii) assure the participation of students who qualify as disadvantaged under the provisions of section 401D of this part or who are eligible for comparable programs funded by the State;

(iii)(I) provide summer instruction in remedial, developmental or supportive courses; (II) provide such summer services as counseling, tutoring, or orientation; and (III) provide grant aid to students to cover pre-freshman summer costs for books, supplies, living costs and personal expenses; and

(iv) assure that participating students will receive financial aid sufficient to meet their full financial need (as defined under part F) during each academic year they are enrolled at the participating institution after the prefreshman summer.

Such criteria shall exclude administrative and overhead expenses.

(c) **OPTIONS FOR PARTICIPATION IN PARTNERSHIPS.**—In establishing a partnership program, a State may include participation of businesses, religious organizations, community groups, institutions of higher education, nonprofit and philanthropic organizations, and other organizations which the Secretary deems appropriate.

SEC. 403E. PAYMENT REQUIREMENTS.

(a) **FINANCIAL AID PAYMENTS.**—Upon submission by a State of such documents as the Secretary may, by regulation, require for demonstrating the total amount of grants awarded in accordance with section 403C for fiscal year, the Secretary shall, from such State's allotment under section 403F for such fiscal year, pay to such State an amount equal to not more than one-half of the total amount of such grants.

(b) **PAYMENTS FOR PARTNERSHIPS.**—

(1) Upon submission by a State of such documents as the Secretary may, by regulation, require for demonstrating the total amount expended by the State in accordance with section 403D for a fiscal year, the Secretary shall, from such State's allotment under section 403F for such fiscal year, pay to such State an amount equal to not more than one-half of the total amount so expended.

(2) In computing the total amount expended by a State in accordance with section 403F, the Secretary shall include documented, targeted, long-term mentoring and counseling provided by volunteers or paid staff of nonschool organizations, including businesses, religious organizations, community groups, post-secondary educational institutions, nonprofit and philanthropic organizations, and other organizations.

SEC. 403F. ALLOTMENT.

(a) **ALLOTMENT BASED ON TITLE ESEA ALLOTMENTS.**—From the sums appropriated pursuant to section 403H, the Secretary shall allot to each State an amount which bears the same ratio to such sums as—

(1) the amount allocated under section 1005 of the Elementary and Secondary Education Act of 1965 to the local education agencies in the State,

bears to—

(2) the total amount allocated under such section to all such agencies in all States.

(b) **50 PERCENT LIMIT ON USE FOR SECTION 403E.**—No State may use less than 25 percent or more than 50 percent of its allotment for

the comprehensive counseling, outreach, and support services program authorized by section 403E.

(c) **REALLOTMENT.**—The amount of any State's allotment under subsection (a) for any fiscal year which the Secretary determines will not be required for such fiscal year for the program of that State shall be available for reallocation from time to time, on such dates during such year as the Secretary may fix, to other States in proportion to the original allotments to such States for such year, but with such proportionate amount for any of such States being reduced to the extent it exceeds the sum the Secretary estimates such State needs and will be able to use for such year for carrying out such programs. The total of such reductions shall be similarly reallocated among the States whose proportions amounts were not so reduced.

SEC. 403G. DEFINITIONS.

As used in this chapter:

(1) The term "qualified student" means a student—

(A) who is less than 22 years old at time of first grant award;

(B) who (i) is receiving a Pell Grant for the academic year for which the award is being made under this chapter, or (ii) would be eligible to receive a Pell Grant for such academic year, but for the student's attendance on a less than half-time basis;

(C) who receives a high school diploma or a certificate of high school equivalence on or after January 1, 1993; and

(D) who is enrolled or accepted for enrollment in a program of instruction at an institution of higher education as defined in section 481 and is located within the State's boundaries; as a State option, States can offer grant program portability for recipients who attend eligible higher education institutions in States which participate in the program authorized by section 403C.

SEC. 403H. APPROPRIATIONS.

There is authorized an appropriation to make grants under section 403F(a) and section 403F(b) \$250,000,000 for fiscal year 1993 and such sums as may be necessary for each of the four succeeding fiscal years.

CHAPTER 3—MODEL PROGRAM COMMUNITY PARTNERSHIP COUNSELING GRANTS

SEC. 404A. MODEL PROGRAM GRANTS.

(a) **PROGRAM AUTHORITY.**—From the amounts appropriated under section 404C(b), the Secretary shall award grants to develop model programs—

(1) to counsel students, at an early age, about college opportunities, precollege requirements, the college admissions procedure, financial aid opportunities, and student support services that are specially designed or customized for use in specific geographic, social, and cultural environments; or

(2) which stimulate community partnerships with schools by providing tutoring, mentoring, work experiences, and other serv-

ices which support making postsecondary education a realistic goal for all students.

(b) **PRIORITIES IN SELECTION.**—The Secretary shall give priority to those model programs which are directed at areas which have a high proportion of minority, limited English proficiency, economically disadvantaged, disabled, nontraditional, or at-risk students and those model programs which serve these students from rural or urban environments.

(c) **PROPOSAL REQUIREMENTS.**—

(1) **TAILORING.**—To receive a grant under subsection (a)(1), the proposal submitted to the Secretary shall demonstrate that the counseling on college opportunities, precollege requirements, the college admissions procedure, and financial aid opportunities (including early intervention counseling), is tailored to a specific geographic, social or cultural environment.

(2) **COMMUNITY PARTNERSHIPS.**—To receive a grant under subsection (a)(2), the proposal submitted to the Secretary shall demonstrate the active involvement of a local educational agency and at least one of the following:

- (A) local businesses,
- (B) labor organizations, or
- (C) community groups.

(3) **GOALS AND OUTCOMES.**—To receive a grant under this section, each proposal shall contain a statement of specific, measurable goals and methods for obtaining statistics on the number of participants who continue on to postsecondary education.

SEC. 404B. DIFFUSION NETWORK ACTIVITIES.

(a) **COLLECTION OF INFORMATION.**—The Secretary shall collect information concerning—

(1) successful programs including those supported under section 404A which counsel students about college opportunities, precollege requirements, the college admissions procedure, and financial aid opportunities;

(2) successful early intervention programs which set students on the path toward staying in school and pursuing a postsecondary education;

(3) model programs which counsel students in specific environments, such as urban, rural, and suburban; and

(4) model programs which develop school/community partnerships to provide mentoring, tutoring, work experiences and other services which support making postsecondary education a realistic goal for all students.

(b) **DISSEMINATION.**—The Secretary shall insure that the information collected under subsection (a) be disseminated through the National Diffusion Network.

SEC. 404C. AUTHORIZATION OF APPROPRIATIONS.

(a) **MODEL PROGRAM GRANTS.**—There are authorized to be appropriated \$70,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out section 404A.

(b) **DISSEMINATION ACTIVITIES.**—There are authorized to be appropriated \$20,000,000 for fiscal year 1993 and such sums as may be

necessary for each of the 4 succeeding fiscal years to carry out section 404B.

CHAPTER 4—HONORS AWARDS

SEC. 405A. SCHOLARSHIPS AUTHORIZED.

(a) **PROGRAM AUTHORITY.**—The Secretary is authorized, in accordance with this chapter, to award Presidential Honors scholarships to students who are Pell Grant recipients, who have participated in a preparatory program for postsecondary education, and who demonstrate academic achievement.

(b) **PERIOD OF AWARDS.**—A student who satisfies the requirements of section 405B may receive a Presidential Honors scholarship for each year that the student receives a Pell Grant.

(c) **PRESIDENTIAL HONORS SCHOLARS.**—Students awarded scholarships under this chapter shall be known as “Presidential Honors Scholars”.

SEC. 405B. ELIGIBILITY OF SCHOLARS.

(a) **REQUIREMENTS FOR STUDENTS IN FIRST YEAR OF POSTSECONDARY EDUCATION.**—In order for a student who will be attending his or her first year of postsecondary education to be eligible to receive a scholarship under this chapter for that academic year, the student must—

(1) have participated, for a minimum period of thirty-six months, in an early intervention program that meets the requirements of section 405C;

(2) complete a program of secondary education including three years of mathematics, two years of science and four years of English;

(3) earn a grade point average of 2.5 or higher in the final two years of high school; and

(4) receive a Pell Grant under subpart 2 for that academic year.

(b) **REQUIREMENTS FOR OTHER STUDENTS.**—In order for a student who will be attending postsecondary education for a year other than his or her first year, to be eligible to receive a scholarship under this chapter for that academic year, the student must—

(1) have received a Presidential Honors Award in a previous academic year;

(2) maintain satisfactory academic progress as defined under section 484(c); and

(3) receive a Pell Grant under subpart 2 for that academic year.

SEC. 405C. ELIGIBLE EARLY INTERVENTION PROGRAMS.

(a) **PARTICIPATION IN TRIO PROGRAMS AND LIBERTY SCHOLARSHIP PROGRAMS.**—Participation in a program authorized under section 401B, 401C, 403D, or 404A for a thirty-six month period shall meet the requirement of section 405B(a)(1).

(b) **OTHER ELIGIBLE EARLY INTERVENTION PROGRAM.**—Participation in another early intervention program regardless of sponsorship for a thirty-six month period, shall qualify students for Presidential Honors Awards if the program—

- (1) meets at least biweekly during the academic year for a period of at least two hours outside regular school hours;
- (2) meets any other requirements established by the Secretary; and
- (3) is certified by the Governor as an Honors Scholars Program.

SEC. 405D. SCHOLARSHIP AMOUNT.

(a) **AMOUNT OF AWARD.**—Except as provided in subsection (b), the amount of a scholarship awarded under this chapter for any academic year shall be equal to 25 percent of the Pell Grant that the recipient is awarded for that year.

(b) **RELATION TO COST OF ATTENDANCE AND OTHER ASSISTANCE.**—Notwithstanding subsection (a), the amount of a scholarship awarded under this chapter shall be reduced by the postsecondary institution that the student is or will be attending, by the amount that the scholarship when combined with other Federal or non-Federal grant or scholarship assistance the student receives in any academic year, exceeds the student's cost of attendance as defined in section 472.

SEC. 405E. AWARD PROCEDURES.

(a) **AWARD PROCEDURES.**—By a date set by the Secretary, each Early Intervention Program identified in section 405C shall provide to the Secretary the names of all graduating seniors who meet the requirements of section 405B(a). The Secretary shall provide each contractor processing applications for awards under subpart 2 with these names and notify the Presidential Honors Scholars. Students who meet the requirements of section 405B shall also identify themselves on the application for Federal student aid.

(b) **PAYMENT OF SCHOLARSHIPS.**—Payments of awards under this section shall be made in conjunction with payment of awards under the Pell Grant program provided under section 411 in accordance with regulations promulgated by the Secretary for such purpose. Each contractor processing applications for awards under section 411 shall in a timely manner furnish to the student financial aid administrator at each institution of higher education the names of students eligible for Presidential Honors Awards in attendance at that institution.

(c) **AWARDS CEREMONY.**—Each year the Secretary shall conduct an awards ceremony honoring first-year recipients of Presidential Honors Awards.

CHAPTER 5—TECHNICAL ASSISTANCE FOR TEACHERS AND COUNSELORS

SEC. 406A. TECHNICAL ASSISTANCE GRANTS.

(a) **PROGRAM AUTHORITY.**—From the amounts appropriated under subsection (f), the Secretary shall award grants to local educational agencies to use for the purpose of obtaining specialized training for guidance counselors, teachers, and principals to counsel students about college opportunities, precollage requirements, the college admissions procedure, and financial aid opportunities.

(b) **SELECTION OF GRANT RECIPIENTS.**—

(1) **PRIORITY.**—In making grants under this section, the Secretary shall give priority to those local educational agencies serv-

ing school districts (A) from which the proportion of students who continue on to higher education is significantly below the national average, and (B) in which the proportion of students who are educationally disadvantaged is significantly above the national average.

(2) **SELECTION PROCEDURES.**—The Secretary shall develop a formal procedure for the submission of proposals and publish in the Federal Register an announcement with respect to that procedure and the availability of funds.

(c) **LOCAL PLAN.**—To receive a grant under this section, a local educational agency shall submit to the Secretary a plan that—

(1) specifies the methods to be used for outreach, implementation, and follow-up with those students most in need and at-risk for dropping out or failing to pursue postsecondary education,

(2) demonstrates the methods by which the agency will target funds to those schools within the district that have the lowest rate of students who continue on to higher education;

(3) utilizes early intervention programs for counseling minority, economically disadvantaged, disabled, and at-risk students about postsecondary education;

(4) includes a strategy for keeping the guidance counselors, teachers (including elementary, secondary, vocational, and special education teachers), and principals who have been trained up-to-date on financial aid information;

(5) contains a statement of specific goals and methods for obtaining statistics on the number of participants who continue on to postsecondary education; and

(6) contains a description of the costs of the training and other activities to be undertaken.

(d) **DURATION OF GRANTS.**—Grants under this section shall be available for 2 years.

(e) **EVALUATION.**—

(1) **CONDUCT OF EVALUATIONS.**—The Secretary shall reserve not more than 2 percent of any amount appropriated under subsection (f) for the purpose of carrying out an independent evaluation of the effectiveness of the training programs assisted under this section in—

(A) increasing the number of personnel in a school who regularly counsel students regarding college opportunities, precollege requirements, the college admission procedure, and financial aid opportunities; and

(B) increasing the number of students who continue on to postsecondary education from a school which has had personnel trained using moneys from this section.

(2) **REPORT.**—The Secretary shall submit to the appropriate committees of the Congress a report which contains the findings of the evaluation required by paragraph (1).

(f) **TECHNICAL ASSISTANCE GRANTS.**—There are authorized to be appropriated \$70,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this section.

CHAPTER 6—NATIONAL STUDENT SAVINGS DEMONSTRATION PROGRAM

SEC. 407A. NATIONAL STUDENT SAVINGS DEMONSTRATION PROGRAM.

(a) **STATEMENT OF PURPOSE.**—It is the purpose of this section to—

(1) create a demonstration program to test the feasibility of establishing a national student savings program to encourage families to save for their children's college education and thereby reduce the loan indebtedness of college students; and

(2) help determine the most effective means of achieving the activities described in paragraph (1).

(b) **DEMONSTRATION PROGRAM AUTHORIZED.**—

(1) **IN GENERAL.**—The Secretary is authorized to award a demonstration grant to not more than 10 States to enable each such State to conduct a student savings program in accordance with this section.

(2) **AMOUNT OF GRANT.**—The amount of each grant award pursuant to paragraph (1) shall be computed on

(A) a Federal match in an amount equal to the initial State deposit into each account established pursuant to subsection (c)(2)(B), except that such Federal match shall not exceed \$50 per child; multiplied by

(B) the number of children participating in the program assisted under this part.

(3) **PRIORITY.**—In awarding grants under this section the Secretary shall give priority to States proposing programs that establish accounts for a child prior to the age of compulsory school attendance in the State in which such child resides.

(4) **SPECIAL CONSIDERATION.**—In awarding grants under this section the Secretary shall give special consideration to States—

(A) that permit employers to use pretax income in making contributions to a child's account; and

(B) that provide assurances that interest earned in accounts shall be exempt from State taxes.

(c) **APPLICATION.**—

(1) **IN GENERAL.**—Each State desiring a grant under this section shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may reasonably require.

(2) **CONTENTS.**—Each application submitted pursuant to paragraph (1) shall—

(A) describe the student savings program to be established and the number of children to be served;

(B) contain assurances that an account shall be established for each child participating in the program assisted under this section and set forth the initial amount to be deposited into each such account by the State;

(C) contain assurances that deposits into such account shall be invested in a responsible manner that provides a reasonable rate of return;

(D) contain assurances that funds in the account shall only be used to pay the cost of attendance (as such term is defined in section 472) at any eligible institution (as such term is defined in section 481);

(E) describe the amount of the Federal contribution requested for starting each child's account, which shall not exceed \$50 per child participating in the program;

(F) describe the age at which children in the State may establish such accounts;

(G) indicate whether the program will be open to all children, regardless of family income, or only to disadvantaged children;

(H) describe how additional deposits into each account from the State or other resources will be earned by a child for performance of community service, academic performance, or other activities or achievements;

(I) contain assurances that contributions in an account shall be refundable to the contributor without interest if the child is unable to attend college;

(J) contain assurances that the State shall encourage individuals and organizations to make contributions to a child's account;

(K) contain assurances that the State shall provide incentives to employers to make contributions to a child's account and participate in the program assisted under this section; and

(L) contain assurances that if a child leaves the State in which such child has an account, then such child shall retain the right to make contributions to the account, except that the State shall not be required to make any additional deposits other than interest.

(d) **AUTHORIZATION OF APPROPRIATIONS.**—There are authorized to be appropriated \$10,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this section.

CHAPTER 7—PUBLIC INFORMATION

SEC. 408A. DATABASE AND INFORMATION LINE.

From the funds available under section 408C, the Secretary of Education shall award a contract to establish and maintain—

(1) a computerized database of all public and private financial assistance programs, to be accessible to schools and libraries through either modems or toll-free telephone lines; and

(2) a toll-free information line, including access by telecommunications devices for the deaf ("TDD's"), to provide individualized financial assistance information to parents, students, and other individuals, including individuals with disabilities, and to refer students with disabilities and their families to the postsecondary clearinghouse that is authorized under section 633(c) of the Individuals with Disabilities Education Act.

SEC. 408B. PUBLIC ADVERTISING.

The Secretary shall encourage private nonprofit agencies and organizations to work with persons engaged in video production to develop and deliver public service announcements and paid advertising messages that encourage economically disadvantaged, minority, or at-risk individuals to seek higher education, and to seek higher education and financial assistance counseling at public schools and

libraries. These announcements and messages may be specially designed for students of limited English proficiency. The Secretary shall keep the appropriate committees of the Congress informed with respect to the efforts made pursuant to this section and shall recommend any additional legislative authority that will serve the purposes of this section.

SEC. 408C. DATABASE AND INFORMATION LINE.

There are authorized to be appropriated \$20,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this chapter.

CHAPTER 8—CONGRESSIONAL ACHIEVEMENT SCHOLARSHIP PROGRAM

SEC. 409A. PURPOSE; APPROPRIATIONS AUTHORIZED.

(a) **PURPOSE.**—It is the purpose of this chapter to award scholarships to Pell Grant recipients who demonstrate high academic achievement, and thereby encourage financially needy students to excel in their elementary and secondary studies, enter postsecondary education, and continue to demonstrate high levels of academic achievement at the postsecondary level.

(b) **AUTHORIZATION OF APPROPRIATIONS.**—There are authorized to be appropriated \$170,000,000 for fiscal year 1993, and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out the purposes of this chapter. Funds shall remain available for expenditure until the end of the fiscal year immediately succeeding the fiscal year for which such funds were appropriated.

SEC. 409B. SCHOLARSHIPS AUTHORIZED.

(a) **PROGRAM AUTHORITY.**—The Secretary is authorized, in accordance with this chapter, to carry out a program of awarding scholarships to students who are Pell Grant recipients and demonstrate high levels of academic achievement.

(b) **PERIOD OF AWARDS.**—(1) A student who satisfies the requirements of section 409C may receive a scholarship, for a period of one academic year, for full-time undergraduate study at an institution of higher education.

(2) A student who satisfies the requirements of section 409C may receive up to four scholarships, each awarded for a period of 1 academic year, except that, in the case of a student who is enrolled in a full-time undergraduate course of study that requires attendance for 5 academic years, the student may receive up to 5 scholarships under this chapter.

(c) **CONGRESSIONAL ACHIEVEMENT SCHOLARSHIPS.**—Students awarded scholarships under this chapter shall be known as "Congressional Achievement Scholars".

SEC. 409C. ELIGIBILITY OF SCHOLARS.

(a) **REQUIREMENTS FOR STUDENTS IN FIRST YEAR OF POSTSECONDARY EDUCATION.**—In order for a student who will be attending his or her first year of postsecondary education to be eligible to receive a scholarship under this subpart for that academic year, the student must—

(1)(A) rank, or have ranked, in the top 10 percent, by grade point average, of his or her high school graduating class; or

(B) achieve at least the minimum score, announced by the Secretary for this purpose by notice in the Federal Register, on 1 of the nationally administered, standardized tests identified by the Secretary; and

(2) receive a Pell Grant under subpart 2 of this part for that academic year.

(b) **REQUIREMENTS FOR OTHER STUDENTS.**—In order for a student who will be attending a year of postsecondary education, other than his or her first year, to be eligible to receive a scholarship under this chapter for that academic year, the student must—

(1) be enrolled in a program of study of not less than 2 academic years in length that leads to a degree or certificate;

(2) rank in the top 20 percent, by cumulative grade point average (or its equivalent, if the institution does not use a system of ranking its students by grade point averages), of his or her postsecondary education class as of the last academic year of study completed; and

(3) receive a Pell Grant under subpart 2 of this part for that academic year.

(c) **PRIOR SCHOLARSHIPS.**—Except in relation to the aggregate limits on the receipt of scholarships in section 409B(b)(2), a student's eligibility for a Congressional Achievement Scholarship for a given academic year is not dependent on whether the student received a Congressional Achievement Scholarship or a Pell Grant in the previous academic year.

(d) **FULL-TIME ATTENDANCE REQUIRED.**—A student who is attending an institution of higher education on a less than full-time basis is not eligible to receive a Congressional Achievement Scholarship.

SEC. 409D. AWARD PROCEDURES.

(a) **AWARD PROCEDURES.**—(1) The Secretary shall establish the procedures through regulations by which Congressional Achievement Scholarships shall be awarded.

(2) A participating institution of higher education shall provide such information as is required by the Secretary regarding a potential scholarship recipient's class rank or test score.

(b) **DEADLINES.**—The Secretary shall specify, by notice in the Federal Register, the date after which no additional students may be considered for scholarships under this chapter for a given academic year. The Secretary shall then determine the total number of eligible applicants for that academic year, and, if necessary, apply the reduction procedures specified in section 409E(c).

(c) **DISBURSAL OF SCHOLARSHIP PROCEEDS.**—Scholarship proceeds shall be disbursed on behalf of students who receive scholarships under this chapter to the institutions of higher education at which the students are enrolled. No scholarship proceeds shall be disbursed on behalf of a student until the student is enrolled at an institution of higher education.

SEC. 409E. SCHOLARSHIP AMOUNT.

(a) **AMOUNT OF AWARD.**—Except as provided in subsections (b) and (c), the amount of a scholarship awarded under this chapter for any academic year shall be \$500.

(b) **RELATION TO COST OF ATTENDANCE AND OTHER ASSISTANCE.**—Notwithstanding subsection (a) the amount of a scholarship award-

ed under this chapter shall be reduced, by the institution of higher education that the student is or will be attending, by the amount that the scholarship—

(1) exceeds the student's cost of attendance, as defined in section 472; or

(2) when combined with other Federal or non-Federal grant or scholarship assistance the student receives in any academic year, exceeds the student's cost of attendance, as defined in section 472.

(c) ADJUSTMENTS FOR INSUFFICIENT APPROPRIATIONS.—If, after the Secretary determines the total number of eligible applicants for an academic year in accordance with section 409D(b), funds available in a fiscal year are insufficient to fully fund all awards for that academic year under this chapter, the amount paid to each student shall be reduced proportionately.

SUBPART [1] 2—BASIC EDUCATIONAL OPPORTUNITY GRANTS

BASIC EDUCATIONAL OPPORTUNITY GRANTS: AMOUNT AND DETERMINATIONS; APPLICATIONS

SEC. 411. (a) PROGRAM AUTHORITY AND METHOD OF DISTRIBUTION.—(1) The Secretary shall during the period beginning July 1, 1972, and ending September 30, [1992] 1998 pay to each eligible institution such sums as may be necessary to pay to each eligible student (defined in accordance with section 484), for each academic year during which that student is in attendance at an institution of higher education, as an undergraduate, a basic grant in the amount for which that student is eligible, as determined pursuant to [paragraph (2)] subsection (b). Not less than 85 percent of such sums shall be advanced to eligible institutions prior to the start of each payment period and shall be based upon an amount requested by the institution as needed to pay eligible students.

* * * * *

(3) Basic grants made under this subpart shall be known as **["Pell"] "Federal Pell Grants"**.

(b) PURPOSE AND AMOUNT OF GRANTS.—(1) The purpose of this subpart is to provide a basic grant that [(A) as determined under paragraph (2), will meet 60 percent of a student's cost of attendance (as defined in section 411F); and (B)] in combination with reasonable [parental or independent] family and student contribution and supplemented by the programs authorized under subparts [2 and 3] 3 and 4 of this part, will meet 75 percent of a students' cost of attendance (as defined in section 472), unless the institution determines that a greater amount of assistance would better serve the purposes of section 401.

(2)(A) The amount of the maximum basic grant for a student eligible under this part shall be—

- (i) \$2,300 for academic year 1987-1988,
- (ii) \$2,500 for academic year 1988-1989,
- (iii) \$2,700 for academic year 1989-1990,
- (iv) \$2,900 for academic year 1990-1991, and
- (v) \$3,100 for academic year 1991-1992,
- (i) \$4,500 for academic year 1992-1993, and

(ii) the amount determined under subparagraph (B) for academic year 1993-1994 and each academic year thereafter through academic year 1998-1999.

less an amount equal to the amount determined to be the expected family contribution with respect to that student for that year.

(B)(i) The maximum amount to which a student is entitled under clause (ii) of subparagraph (A) for each academic year shall be the amount determined under subparagraph (A) for the academic year preceding the academic year for which the determination is made, increased by the percentage increase in the Consumer Price Index determined in accordance with clause (ii), rounded to the nearest \$25.

(ii) The Secretary of Labor shall publish in the Federal Register, not later than July 15 in each year (beginning with July, 1992) the percentage change in the Consumer Price Index published for the year ending June 30 of the year in which the publication is made. If the percentage in any year published under the preceding sentence indicates an increase in the Consumer Price Index, the Secretary shall publish in the Federal Register, not later than July 31 in each year the amount of the maximum grant, as specified in clause (ii) of subparagraph (A), for the academic year that begins in the succeeding calendar year. If the percentage so published indicates a decrease in the Consumer Price Index, the amount of the maximum grant for the academic year for which the determination is made shall be the amount of the grant for the preceding academic year.

(iii) For the purpose of this subparagraph, the term "Consumer Price Index" means the Consumer Price Index for Wage Earners and Clerical Workers published by the Bureau of Labor Statistics.

[(B)] (C) In any case where a student attends an institution of higher education on less than a full-time basis during any academic year, the amount of the basic grant to which that student is entitled shall be reduced in proportion to the degree to which that student is not so attending on a full-time basis, in accordance with a schedule of reductions established by the Secretary for the purposes of this division, computed in accordance with this subpart. Such schedule of reductions shall be established by regulation and published in the Federal Register in accordance with section 482 of this Act.

[(3)] The amount of a basic grant to which a student is entitled under this subpart for any academic year shall not exceed 60 percent of the cost of attendance (as defined in section 411F) at the institution at which the student is in attendance for that year.]

(3)(A) The amount of a basic grant to which a student is entitled under this subpart for any academic year in which the maximum basic grant is established under paragraph (2)(A)(i) shall be determined by locating, on the following tables, the intersection between the student's tuition (as determined under subparagraph (D)) and the student's expected family contribution (as determined under part F of this title):

TABLE 1.—PELL GRANT PAYMENT SCHEDULE

Dependent Students, Independent Students with Dependents

If tuition is:	And expected family contribution is:				
	\$0	\$1-200	\$201-400	\$401-600	\$601-800
Then the award is:					
\$0-\$199.....	\$2,750	\$2,427	\$2,347	\$2,266	\$2,195
200-399.....	2,825	2,502	2,422	2,341	2,260
400-599.....	2,875	2,552	2,472	2,391	2,310
600-799.....	2,925	2,602	2,522	2,441	2,360
800-999.....	2,975	2,652	2,572	2,491	2,410
1,000-1,199.....	3,025	2,702	2,622	2,541	2,460
1,200-1,399.....	3,075	2,752	2,672	2,591	2,510
1,400-1,599.....	3,125	2,802	2,722	2,641	2,560
1,600-1,799.....	3,175	2,852	2,772	2,691	2,610
1,800-1,999.....	3,225	2,902	2,822	2,741	2,660
2,000-2,199.....	3,275	2,952	2,872	2,791	2,710
2,200-2,399.....	3,325	3,002	2,922	2,841	2,760
2,400-2,599.....	3,375	3,052	2,972	2,891	2,810
2,600-2,799.....	3,425	3,102	3,022	2,941	2,860
2,800-2,999.....	3,475	3,152	3,072	2,991	2,910
3,000-3,199.....	3,525	3,202	3,122	3,041	2,960
3,200-3,399.....	3,575	3,252	3,172	3,091	3,010
3,400-3,599.....	3,625	3,302	3,222	3,141	3,060
3,600-3,799.....	3,675	3,352	3,272	3,191	3,110
3,800-3,999.....	3,725	3,402	3,322	3,241	3,160
4,000-4,199.....	3,775	3,452	3,372	3,291	3,210
4,200-4,399.....	3,825	3,502	3,422	3,341	3,260
4,400-4,599.....	3,875	3,552	3,472	3,391	3,310
4,600-4,799.....	3,925	3,602	3,522	3,441	3,360
4,800-4,999.....	3,975	3,652	3,572	3,491	3,410
5,000-5,199.....	4,025	3,702	3,622	3,541	3,460
5,200-5,399.....	4,075	3,752	3,672	3,591	3,510
5,400-5,599.....	4,125	3,802	3,722	3,641	3,560
5,600-5,799.....	4,175	3,852	3,772	3,691	3,610
5,800-5,999.....	4,225	3,902	3,822	3,741	3,660
6,000-6,199.....	4,275	3,952	3,872	3,791	3,710
6,200-6,399.....	4,325	4,002	3,922	3,841	3,760
6,400-6,599.....	4,375	4,052	3,972	3,891	3,810
6,600-6,799.....	4,425	4,102	4,022	3,941	3,860
6,800-6,999.....	4,475	4,152	4,072	3,991	3,910
7,000+.....	4,500	4,177	4,097	4,016	3,935

TABLE 1.—PELL GRANT PAYMENT SCHEDULE—Continued

Dependent Students, Independent Students with Dependents

If tuition is:	And expected family contribution is:					
	\$801- 1,000	\$1,001- 1,200	\$1,201- 1,400	\$1,401- 1,600	\$1,601- 1,800	\$1,801- 2,000
Then the award is:						
\$0-\$199.....	\$2,105	\$2,008	\$1,877	\$1,745	\$1,614	\$1,483
200-399.....	2,180	2,083	1,952	1,820	1,689	1,558
400-599.....	2,230	2,133	2,002	1,870	1,739	1,608
600-799.....	2,280	2,183	2,052	1,920	1,789	1,658
800-999.....	2,330	2,233	2,102	1,970	1,839	1,708
1,000-1,199.....	2,380	2,283	2,152	2,020	1,889	1,758
1,200-1,399.....	2,430	2,333	2,202	2,070	1,939	1,808
1,400-1,599.....	2,480	2,383	2,252	2,120	1,989	1,858
1,600-1,799.....	2,530	2,433	2,302	2,170	2,039	1,908
1,800-1,999.....	2,580	2,483	2,352	2,220	2,089	1,958
2,000-2,199.....	2,630	2,533	2,402	2,270	2,139	2,008
2,200-2,399.....	2,680	2,583	2,452	2,320	2,189	2,058
2,400-2,599.....	2,730	2,633	2,502	2,370	2,239	2,108
2,600-2,799.....	2,780	2,683	2,552	2,420	2,289	2,158
2,800-2,999.....	2,830	2,733	2,602	2,470	2,339	2,208
3,000-3,199.....	2,880	2,783	2,652	2,520	2,389	2,258
3,200-3,399.....	2,930	2,833	2,702	2,570	2,439	2,308
3,400-3,599.....	2,980	2,883	2,752	2,620	2,489	2,358
3,600-3,799.....	3,030	2,933	2,802	2,670	2,539	2,408
3,800-3,999.....	3,080	2,983	2,852	2,720	2,589	2,458
4,000-4,199.....	3,130	3,033	2,902	2,770	2,639	2,508
4,200-4,399.....	3,180	3,083	2,952	2,820	2,689	2,558
4,400-4,599.....	3,230	3,133	3,002	2,870	2,739	2,608
4,600-4,799.....	3,280	3,183	3,052	2,920	2,789	2,658
4,800-4,999.....	3,330	3,233	3,102	2,970	2,839	2,708
5,000-5,199.....	3,380	3,283	3,152	3,020	2,889	2,758
5,200-5,399.....	3,430	3,333	3,202	3,070	2,939	2,808
5,400-5,599.....	3,480	3,383	3,252	3,120	2,989	2,858
5,600-5,799.....	3,530	3,433	3,302	3,170	3,039	2,908
5,800-5,999.....	3,580	3,483	3,352	3,220	3,089	2,958
6,000-6,199.....	3,630	3,533	3,402	3,270	3,139	3,008
6,200-6,399.....	3,680	3,583	3,452	3,320	3,189	3,058
6,400-6,599.....	3,730	3,633	3,502	3,370	3,239	3,108
6,600-6,799.....	3,780	3,683	3,552	3,420	3,289	3,158
6,800-6,999.....	3,830	3,733	3,602	3,470	3,339	3,208
7,000+.....	3,855	3,758	3,627	3,495	3,364	3,233

TABLE 1.—PELL GRANT PAYMENT SCHEDULE--Continued

Dependent Students, Independent Students with Dependents

If tuition is:	And expected family contribution is:						
	\$2,001- 2,200	\$2,201- 2,400	\$2,401- 2,600	\$2,601- 2,800	\$2,801- 3,000	\$3,001- 3,200	\$3,201- 3,400
Then the award is:							
\$0-\$199.....	\$1,329	\$1,143	\$957	\$780	\$620	\$459	\$0
200-399.....	1,404	1,218	1,032	855	695	534	0
400-599.....	1,454	1,268	1,082	905	745	584	423
600-700.....	1,504	1,318	1,132	955	795	634	473
800-999.....	1,554	1,368	1,182	1,005	845	684	523
1,000-1,199.....	1,604	1,418	1,232	1,055	895	734	573
1,200-1,399.....	1,468	1,468	1,105	1,105	945	784	623
1,400-1,599.....	1,704	1,518	1,332	1,155	995	834	673
1,600-1,799.....	1,754	1,568	1,382	1,205	1,045	884	723
1,800-1,999.....	1,804	1,618	1,432	1,255	1,095	934	773
2,000-2,199.....	1,854	1,668	1,482	1,305	1,145	984	823
2,200-2,399.....	1,904	1,718	1,532	1,355	1,195	1,034	873
2,400-2,599.....	1,954	1,768	1,582	1,405	1,245	1,084	923
2,600-2,799.....	2,004	1,818	1,632	1,455	1,295	1,134	973
2,800-2,999.....	2,054	1,868	1,682	1,505	1,345	1,184	1,023
3,000-3,199.....	2,104	1,918	1,732	1,555	1,395	1,234	1,073
3,200-3,399.....	2,154	1,968	1,782	1,605	1,445	1,284	1,123
3,400-3,599.....	2,204	2,018	1,832	1,655	1,495	1,334	1,173
3,600-3,799.....	2,254	2,068	1,882	1,705	1,545	1,384	1,223
3,800-3,999.....	2,304	2,118	1,932	1,755	1,595	1,434	1,273
4,000-4,199.....	2,354	2,168	1,982	1,805	1,645	1,484	1,323
4,200-4,399.....	2,404	2,218	2,032	1,855	1,695	1,534	1,373
4,400-4,599.....	2,454	2,268	2,082	1,905	1,745	1,584	1,423
4,600-4,799.....	2,504	2,318	2,132	1,955	1,795	1,634	1,473
4,800-4,999.....	2,554	2,368	2,182	2,005	1,845	1,684	1,523
5,000-5,199.....	2,604	2,418	2,232	2,055	1,895	1,734	1,573
5,200-5,399.....	2,654	2,468	2,282	2,105	1,945	1,784	1,623
5,400-5,599.....	2,704	2,518	2,332	2,155	1,995	1,834	1,673
5,600-5,799.....	2,754	2,568	2,382	2,205	2,045	1,884	1,723
5,800-5,999.....	2,804	2,618	2,432	2,255	2,095	1,934	1,773
6,000-6,199.....	2,854	2,668	2,482	2,305	2,145	1,984	1,823
6,200-6,399.....	2,904	2,718	2,532	2,355	2,195	2,034	1,873
6,400-6,599.....	2,954	2,768	2,582	2,405	2,245	2,084	1,923
6,600-6,799.....	3,004	2,818	2,632	2,455	2,295	2,134	1,973
6,800-6,999.....	3,054	2,868	2,682	2,505	2,345	2,184	2,023
7,000+.....	3,079	2,893	2,707	2,530	2,370	2,209	2,048

TABLE 1.—PELL GRANT PAYMENT SCHEDULE—Continued

Dependent Students, Independent Students with Dependents

If tuition is:	And expected family contribution is:						
	\$3,401- 3,600	\$3,601- 3,800	\$3,801- 4,000	\$4,001- 4,200	\$4,201- 4,400	\$4,401- 4,600	\$4,601- 4,800
Then the award is:							
\$0-\$199.....	0	0	0	0	0	0	0
200-399.....	0	0	0	0	0	0	0
400-599.....	0	0	0	0	0	0	0
600-799.....	0	0	0	0	0	0	0
800-999.....	0	0	0	0	0	0	0
1,000-1,199.....	\$434	0	0	0	0	0	0
1,200-1,399.....	484	0	0	0	0	0	0
1,400-1,599.....	534	0	0	0	0	0	0
1,600-1,799.....	584	\$447	0	0	0	0	0
1,800-1,999.....	634	497	0	0	0	0	0
2,000-2,199.....	684	547	\$411	0	0	0	0
2,200-2,399.....	734	597	460	0	0	0	0
2,400-2,599.....	784	647	510	0	0	0	0
2,600-2,799.....	834	697	560	\$423	0	0	0
2,800-2,999.....	884	747	610	473	0	0	0
3,000-3,199.....	934	797	660	523	\$407	0	0
3,200-3,399.....	984	847	710	573	457	0	0
3,400-3,599.....	1,034	897	760	623	507	0	0
3,600-3,799.....	1,084	947	810	673	557	\$440	0
3,800-3,999.....	1,134	997	860	723	607	490	0
4,000-4,199.....	1,184	1,047	910	773	657	540	\$424
4,200-4,399.....	1,234	1,097	960	823	707	590	474
4,400-4,599.....	1,284	1,147	1,010	873	757	640	524
4,600-4,799.....	1,334	1,197	1,060	923	807	690	574
4,800-4,999.....	1,384	1,247	1,110	973	857	740	624
5,000-5,199.....	1,434	1,297	1,160	1,023	907	790	674
5,200-5,399.....	1,484	1,347	1,210	1,073	957	840	724
5,400-5,599.....	1,534	1,397	1,260	1,123	1,007	890	774
5,600-5,799.....	1,584	1,447	1,310	1,173	1,057	940	824
5,800-5,999.....	1,634	1,497	1,360	1,223	1,107	990	874
6,000-6,199.....	1,684	1,547	1,410	1,273	1,157	1,040	924
6,200-6,399.....	1,734	1,597	1,460	1,323	1,207	1,090	974
6,400-6,599.....	1,784	1,647	1,510	1,373	1,257	1,140	1,024
6,600-6,799.....	1,834	1,697	1,560	1,423	1,307	1,190	1,074
6,800-6,999.....	1,884	1,747	1,610	1,473	1,357	1,240	1,124
7,000+.....	1,909	1,772	1,635	1,498	1,382	1,260	1,149

TABLE 1.—PELL GRANT PAYMENT SCHEDULE—Continued

Dependent Students, Independent Students with Dependents

If tuition is:	And expected family contribution is:						
	\$4,801- 5,000	\$5,001- 5,200	\$5,201- 5,400	\$5,401- 5,600	\$5,601- 5,800	\$5,801- 6,000	\$6,001- 6,200
Then the award is:							
\$0-\$99	0	0	0	0	0	0	0
200-399	0	0	0	0	0	0	0
400-599	0	0	0	0	0	0	0
600-799	0	0	0	0	0	0	0
800-999	0	0	0	0	0	0	0
1,000-1,199	0	0	0	0	0	0	0
1,200-1,399	0	0	0	0	0	0	0
1,400-1,599	0	0	0	0	0	0	0
1,600-1,799	0	0	0	0	0	0	0
1,800-1,999	0	0	0	0	0	0	0
2,000-2,199	0	0	0	0	0	0	0
2,200-2,399	0	0	0	0	0	0	0
2,400-2,599	0	0	0	0	0	0	0
2,600-2,799	0	0	0	0	0	0	0
2,800-2,999	0	0	0	0	0	0	0
3,000-3,199	0	0	0	0	0	0	0
3,200-3,399	0	0	0	0	0	0	0
3,400-3,599	0	0	0	0	0	0	0
3,600-3,799	0	0	0	0	0	0	0
3,800-3,999	0	0	0	0	0	0	0
4,000-4,199	0	0	0	0	0	0	0
4,200-4,399	0	0	0	0	0	0	0
4,400-4,599	\$407	0	0	0	0	0	0
4,600-4,799	457	0	0	0	0	0	0
4,800-4,999	507	0	0	0	0	0	0
5,000-5,199	557	\$444	0	0	0	0	0
5,200-5,399	607	494	0	0	0	0	0
5,400-5,599	657	544	\$445	0	0	0	0
5,600-5,799	707	594	495	0	0	0	0
5,800-5,999	757	644	545	\$446	0	0	0
6,000-6,199	807	694	595	496	0	0	0
6,200-6,399	857	744	645	546	\$447	0	0
6,400-6,599	907	794	695	596	497	0	0
6,600-6,799	957	844	745	646	547	\$448	0
6,800-6,999	1,007	894	795	696	597	498	0
7,000+	1,032	919	820	721	622	523	\$420

TABLE 2.—PELL GRANT PAYMENT SCHEDULE

Single Independent Students

If tuition is:	And expected family contribution is:				
	\$0-2,000	\$2,001-2,300	\$2,301-2,400	\$2,401-2,600	\$2,601-2,800
Then the award is:					
30-\$199.....	\$2,750	\$2,447	\$2,137	\$1,826	\$1,515
200-399.....	2,825	2,522	2,212	1,901	1,590
400-599.....	2,875	2,572	2,262	1,951	1,640
600-799.....	2,925	2,622	2,312	2,001	1,690
800-999.....	2,975	2,672	2,362	2,051	1,740
1,000-1,199.....	3,025	2,722	2,412	2,101	1,790
1,200-1,399.....	3,075	2,772	2,462	2,151	1,840
1,400-1,599.....	3,125	2,822	2,512	2,201	1,890
1,600-1,799.....	3,175	2,872	2,562	2,251	1,940
1,800-1,999.....	3,225	2,922	2,612	2,301	1,990
2,000-2,199.....	3,275	2,972	2,662	2,351	2,040
2,200-2,399.....	3,325	3,022	2,712	2,401	2,090
2,400-2,599.....	3,375	3,072	2,762	2,451	2,140
2,600-2,799.....	3,425	3,122	2,812	2,501	2,190
2,800-2,999.....	3,475	3,172	2,862	2,551	2,240
3,000-3,199.....	3,525	3,222	2,912	2,601	2,290
3,200-3,399.....	3,575	3,272	2,962	2,651	2,340
3,400-3,599.....	3,625	3,322	3,012	2,701	2,390
3,600-3,799.....	3,675	3,372	3,062	2,751	2,440
3,800-3,999.....	3,725	3,422	3,112	2,801	2,490
4,000-4,199.....	3,775	3,472	3,162	2,851	2,540
4,200-4,399.....	3,825	3,522	3,212	2,901	2,590
4,400-4,599.....	3,875	3,572	3,262	2,951	2,640
4,600-4,799.....	3,925	3,622	3,312	3,001	2,690
4,800-4,999.....	3,975	3,672	3,362	3,051	2,740
5,000-5,199.....	4,025	3,722	3,412	3,101	2,790
5,200-5,399.....	4,075	3,772	3,462	3,151	2,840
5,400-5,599.....	4,125	3,822	3,512	3,201	2,890
5,600-5,799.....	4,175	3,872	3,562	3,251	2,940
5,800-5,999.....	4,225	3,922	3,612	3,301	2,990
6,000-6,199.....	4,275	3,972	3,662	3,351	3,040
6,200-6,399.....	4,325	4,022	3,712	3,401	3,090
6,400-6,599.....	4,375	4,072	3,762	3,451	3,140
6,600-6,799.....	4,425	4,122	3,812	3,501	3,190
6,800-6,999.....	4,475	4,172	3,862	3,551	3,240
7,000+.....	4,500	4,197	3,887	3,576	3,265

TABLE 2.—PELL GRANT PAYMENT SCHEDULE—Continued

Single Independent Students

If tuition is:	And expected family contribution is:				
	\$2,801-3,000	\$3,001-3,200	\$3,201-3,400	\$3,401-3,600	\$3,601-3,800
Then the award is:					
\$0-\$199.....	\$1,205	\$894	\$584	0	0
200-399.....	1,280	969	659	0	0
400-599.....	1,330	1,019	709	0	0
600-799.....	1,380	1,069	759	\$448	0
800-999.....	1,430	1,119	809	498	0
1,000-1,199.....	1,480	1,169	859	548	0
1,200-1,399.....	1,530	1,219	909	598	0
1,400-1,599.....	1,580	1,269	959	648	0
1,600-1,799.....	1,630	1,319	1,009	698	0
1,800-1,999.....	1,680	1,369	1,059	748	\$437
2,000-2,199.....	1,730	1,419	1,109	798	487
2,200-2,399.....	1,780	1,469	1,159	848	537
2,400-2,599.....	1,830	1,519	1,209	898	587
2,600-2,799.....	1,880	1,569	1,259	948	637
2,800-2,999.....	1,930	1,619	1,309	998	687
3,000-3,199.....	1,980	1,669	1,359	1,048	737
3,200-3,399.....	2,030	1,719	1,409	1,098	787
3,400-3,599.....	2,080	1,769	1,459	1,148	837
3,600-3,799.....	2,130	1,819	1,509	1,198	887
3,800-3,999.....	2,180	1,869	1,559	1,248	937
4,000-4,199.....	2,230	1,919	1,609	1,298	987
4,200-4,399.....	2,280	1,969	1,659	1,348	1,037
4,400-4,599.....	2,330	2,019	1,709	1,398	1,087
4,600-4,799.....	2,380	2,069	1,759	1,448	1,137
4,800-4,999.....	2,430	2,119	1,809	1,498	1,187
5,000-5,199.....	2,480	2,169	1,859	1,548	1,237
5,200-5,399.....	2,530	2,219	1,909	1,598	1,287
5,400-5,599.....	2,580	2,269	1,959	1,648	1,337
5,600-5,799.....	2,630	2,319	2,009	1,698	1,387
5,800-5,999.....	2,680	2,369	2,059	1,748	1,437
6,000-6,199.....	2,730	2,419	2,109	1,798	1,487
6,200-6,399.....	2,780	2,469	2,159	1,848	1,537
6,400-6,599.....	2,830	2,519	2,209	1,898	1,587
6,600-6,799.....	2,880	2,569	2,259	1,948	1,637
6,800-6,999.....	2,930	2,619	2,309	1,998	1,687
7,000+.....	2,955	2,644	2,334	2,023	1,712

TABLE 2—PELL GRANT PAYMENT SCHEDULE—Continued

Single Independent Students

If tuition is:	And expected family contribution is:			
	\$3,801-4,000	\$4,001-4,300	\$4,301-4,600	\$4,601-4,800
Then the award is:				
\$0—\$199	0	0	0	0
200—399	0	0	0	0
400—599	0	0	0	0
600—799	0	0	0	0
800—999	0	0	0	0
1,000—1,199	0	0	0	0
1,200—1,399	0	0	0	0
1,400—1,599	0	0	0	0
1,600—1,799	0	0	0	0
1,800—1,999	0	0	0	0
2,000—2,199	0	0	0	0
2,200—2,399	0	0	0	0
2,400—2,599	0	0	0	0
2,600—2,799	0	0	0	0
2,800—2,999	0	0	0	0
3,000—3,199	\$427	0	0	0
3,200—3,399	477	0	0	0
3,400—3,599	527	0	0	0
3,600—3,799	577	0	0	0
3,800—3,999	627	0	0	0
4,000—4,199	677	0	0	0
4,200—4,399	727	\$416	0	0
4,400—4,599	777	466	0	0
4,600—4,799	827	516	0	0
4,800—4,999	877	566	0	0
5,000—5,199	927	616	0	0
5,200—5,399	977	666	0	0
5,400—5,599	1,027	716	\$405	0
5,600—5,799	1,077	766	455	0
5,800—5,999	1,127	816	505	0
6,000—6,199	1,177	866	555	0
6,200—6,399	1,227	916	605	0
6,400—6,599	1,277	966	655	0
6,600—6,799	1,327	1,016	705	0
6,800—6,999	1,377	1,066	755	\$445
7,000+	1,402	1,091	780	470

(B) Except as provided in paragraph (5), the amount of a basic grant to which a student is entitled under this subpart for any academic year in which the maximum basic grant is established under paragraph (2)(A)(ii) shall be determined by locating, on tables prescribed by the Secretary under this subparagraph, the intersection between the student's tuition (as determined under subparagraph (D)) and the student's expected family contribution (as determined under part F of this title). The Secretary shall prescribe such tables for any such academic year—

(i) by subtracting \$4,500 from the amount of the maximum grant established under paragraph (2)(A)(ii) for such academic year;

(ii) by dividing the remainder determined under clause (i) by 2;

(iii) by adding the quotient of that division to each of the cells specifying an award in the tables following clause (v);

(iv) by reducing the amount in any such cell that exceeds such maximum grant amount to an amount equal to such maximum grant amount; and

(v) by changing the amount in any such cell that is less than \$200 to zero.

The tables which the Secretary shall use under this subparagraph are as follows:

TABLE 3.—PELL GRANT PAYMENT SCHEDULE

Dependent Students, Independent Students with Dependents

Tuition is:	And expected family contribution is:			
	0	\$1-300	\$301-400	\$401-600
Then the award is:				
\$0-\$199.....	\$2,750	\$2,427	\$2,347	\$2,266
200-399.....	2,825	2,502	2,422	2,341
400-599.....	2,875	2,552	2,472	2,391
600-799.....	2,925	2,602	2,522	2,441
800-999.....	2,975	2,652	2,572	2,491
1,000-1,199.....	3,025	2,702	2,622	2,541
1,200-1,399.....	3,075	2,752	2,672	2,591
1,400-1,599.....	3,125	2,802	2,722	2,641
1,600-1,799.....	3,175	2,852	2,772	2,691
1,800-1,999.....	3,225	2,902	2,822	2,741
2,000-2,199.....	3,275	2,952	2,872	2,791
2,200-2,399.....	3,325	3,002	2,922	2,841
2,400-2,599.....	3,375	3,052	2,972	2,891
2,600-2,799.....	3,425	3,102	3,022	2,941
2,800-2,999.....	3,475	3,152	3,072	2,991
3,000-3,199.....	3,525	3,202	3,122	3,041
3,200-3,399.....	3,575	3,252	3,172	3,091
3,400-3,599.....	3,625	3,302	3,222	3,141
3,600-3,799.....	3,675	3,352	3,272	3,191
3,800-3,999.....	3,725	3,402	3,322	3,241
4,000-4,199.....	3,775	3,452	3,372	3,291
4,200-4,399.....	3,825	3,502	3,422	3,341
4,400-4,599.....	3,875	3,552	3,472	3,391
4,600-4,799.....	3,925	3,602	3,522	3,441
4,800-4,999.....	3,975	3,652	3,572	3,491
5,000-5,199.....	4,025	3,702	3,622	3,541
5,200-5,399.....	4,075	3,752	3,672	3,591
5,400-5,599.....	4,125	3,802	3,722	3,641
5,600-5,799.....	4,175	3,852	3,772	3,691
5,800-5,999.....	4,225	3,902	3,822	3,741
6,000-6,199.....	4,275	3,952	3,872	3,791
6,200-6,399.....	4,325	4,002	3,922	3,841
6,400-6,599.....	4,375	4,052	3,972	3,891
6,600-6,799.....	4,425	4,102	4,022	3,941
6,800-6,999.....	4,475	4,152	4,072	3,991
7,000-7,199.....	4,525	4,202	4,122	4,041
7,200-7,399.....	4,575	4,252	4,172	4,091
7,400-7,599.....	4,625	4,302	4,222	4,141
7,600-7,799.....	4,675	4,352	4,272	4,191
7,800-7,999.....	4,725	4,402	4,322	4,241
8,000-8,199.....	4,775	4,452	4,372	4,291
8,200-8,399.....	4,825	4,502	4,422	4,341
8,400-8,599.....	4,875	4,552	4,472	4,391
8,600-8,799.....	4,925	4,602	4,522	4,441
8,800-8,999.....	4,975	4,652	4,572	4,491
9,000-9,199.....	5,025	4,702	4,622	4,541
9,200-9,399.....	5,075	4,752	4,672	4,591
9,400-9,599.....	5,125	4,802	4,722	4,641
9,600-9,799.....	5,175	4,852	4,772	4,691
9,800-9,999.....	5,225	4,902	4,822	4,741
10,000-10,199.....	5,275	4,952	4,872	4,791
10,200-10,399.....	5,325	5,002	4,922	4,841
10,400-10,599.....	5,375	5,052	4,972	4,891
10,600-10,799.....	5,425	5,102	5,022	4,941
10,800-10,999.....	5,475	5,152	5,072	4,991
11,000-11,199.....	5,525	5,202	5,122	5,041
11,200-11,399.....	5,575	5,252	5,172	5,091

TABLE 3.—PELL GRANT PAYMENT SCHEDULE—Continued

Dependent Students, Independent Students with Dependents

If tuition is:	And expected family contribution is:				
	\$601-800	\$801-1,000	\$1,001-1,200	\$1,101-1,400	\$1,401-1,600
Then the award is:					
\$0-\$199.....	\$2,185	\$2,105	\$2,008	\$1,887	\$1,745
200-399.....	2,260	2,180	2,083	1,952	1,820
400-599.....	2,310	2,230	2,133	2,002	1,870
600-799.....	2,360	2,280	2,183	2,052	1,920
800-999.....	2,410	2,330	2,233	2,102	1,970
1,000-1,199.....	2,460	2,380	2,283	2,152	2,020
1,200-1,399.....	2,510	2,430	2,333	2,202	2,070
1,400-1,599.....	2,560	2,480	2,383	2,252	2,120
1,600-1,799.....	2,610	2,530	2,433	2,302	2,170
1,800-1,999.....	2,660	2,580	2,483	2,352	2,220
2,000-2,199.....	2,710	2,630	2,533	2,402	2,270
2,200-2,399.....	2,760	2,680	2,583	2,452	2,320
2,400-2,599.....	2,810	2,730	2,633	2,502	2,370
2,600-2,799.....	2,860	2,780	2,683	2,552	2,420
2,800-2,999.....	2,910	2,830	2,733	2,602	2,470
3,000-3,199.....	2,960	2,880	2,783	2,652	2,520
3,200-3,399.....	3,010	2,930	2,833	2,702	2,570
3,400-3,599.....	3,060	2,980	2,883	2,752	2,620
3,600-3,799.....	3,110	3,030	2,933	2,802	2,670
3,800-3,999.....	3,160	3,080	2,983	2,852	2,720
4,000-4,199.....	3,210	3,130	3,033	2,902	2,770
4,200-4,399.....	3,260	3,180	3,083	2,952	2,820
4,400-4,599.....	3,310	3,230	3,133	3,002	2,870
4,600-4,799.....	3,360	3,280	3,183	3,052	2,920
4,800-4,999.....	3,410	3,330	3,233	3,102	2,970
5,000-5,199.....	3,460	3,380	3,283	3,152	3,020
5,200-5,399.....	3,510	3,430	3,333	3,202	3,070
5,400-5,599.....	3,560	3,480	3,383	3,252	3,120
5,600-5,799.....	3,610	3,530	3,433	3,302	3,170
5,800-5,999.....	3,660	3,580	3,483	3,352	3,220
6,000-6,199.....	3,710	3,630	3,533	3,402	3,270
6,200-6,399.....	3,760	3,680	3,583	3,452	3,320
6,400-6,599.....	3,810	3,730	3,633	3,502	3,370
6,600-6,799.....	3,860	3,830	3,683	3,552	3,420
6,800-6,999.....	3,910	3,830	3,733	3,602	3,470
7,000-7,199.....	3,960	3,880	3,783	3,652	3,520
7,200-7,399.....	4,010	3,930	3,833	3,702	3,570
7,400-7,599.....	4,060	3,980	3,883	3,752	3,620
7,600-7,799.....	4,110	4,030	3,933	3,802	3,670
7,800-7,999.....	4,160	4,080	3,983	3,852	3,720
8,000-8,199.....	4,210	4,130	4,033	3,902	3,770
8,200-8,399.....	4,260	4,180	4,083	3,952	3,820
8,400-8,599.....	4,310	4,230	4,133	4,002	3,870
8,600-8,799.....	4,360	4,280	4,183	4,052	3,920
8,800-8,999.....	4,410	4,330	4,233	4,102	3,970
9,000-9,199.....	4,460	4,380	4,283	4,152	4,020
9,200-9,399.....	4,510	4,430	4,333	4,202	4,070
9,400-9,599.....	4,560	4,480	4,383	4,252	4,120
9,600-9,799.....	4,610	4,530	4,433	4,302	4,170
9,800-9,999.....	4,660	4,580	4,483	4,352	4,220
10,000-10,199.....	4,710	4,630	4,533	4,402	4,270
10,200-10,399.....	4,760	4,680	4,583	4,452	4,320
10,400-10,599.....	4,810	4,730	4,633	4,502	4,370
10,600-10,799.....	4,860	4,780	4,683	4,552	4,420
10,800-10,999.....	4,910	4,830	4,733	4,602	4,470
11,000-11,199.....	4,960	4,880	4,783	4,652	4,520
11,200-11,399.....	5,010	4,930	4,833	4,702	4,570

TABLE 3.—PELL GRANT PAYMENT SCHEDULE—Continued*Dependent Students, Independent Students with Dependents*

<i>If tuition is:</i>	<i>And expected family contribution is:</i>				
	<i>\$1,601-1,800</i>	<i>\$1,801-2,000</i>	<i>\$2,001-2,300</i>	<i>\$2,301-2,400</i>	<i>\$2,401-2,600</i>
<i>Then the award is:</i>					
<i>\$0-\$199</i>	<i>\$1,614</i>	<i>\$1,483</i>	<i>\$1,329</i>	<i>\$1,143</i>	<i>\$957</i>
<i>200-399</i>	<i>1,689</i>	<i>1,558</i>	<i>1,404</i>	<i>1,218</i>	<i>1,032</i>
<i>400-599</i>	<i>1,739</i>	<i>1,608</i>	<i>1,454</i>	<i>1,268</i>	<i>1,082</i>
<i>600-799</i>	<i>1,789</i>	<i>1,658</i>	<i>1,504</i>	<i>1,318</i>	<i>1,132</i>
<i>800-999</i>	<i>1,839</i>	<i>1,708</i>	<i>1,554</i>	<i>1,368</i>	<i>1,182</i>
<i>1,000-1,199</i>	<i>1,889</i>	<i>1,758</i>	<i>1,604</i>	<i>1,418</i>	<i>1,232</i>
<i>1,200-1,399</i>	<i>1,939</i>	<i>1,808</i>	<i>1,654</i>	<i>1,468</i>	<i>1,282</i>
<i>1,400-1,599</i>	<i>1,989</i>	<i>1,858</i>	<i>1,704</i>	<i>1,518</i>	<i>1,332</i>
<i>1,600-1,799</i>	<i>2,039</i>	<i>1,908</i>	<i>1,754</i>	<i>1,568</i>	<i>1,382</i>
<i>1,800-1,999</i>	<i>2,089</i>	<i>1,958</i>	<i>1,804</i>	<i>1,618</i>	<i>1,432</i>
<i>2,000-2,199</i>	<i>2,139</i>	<i>2,008</i>	<i>1,854</i>	<i>1,668</i>	<i>1,482</i>
<i>2,200-2,399</i>	<i>2,189</i>	<i>2,058</i>	<i>1,904</i>	<i>1,718</i>	<i>1,532</i>
<i>2,400-2,599</i>	<i>2,239</i>	<i>2,108</i>	<i>1,954</i>	<i>1,768</i>	<i>1,582</i>
<i>2,600-2,799</i>	<i>2,289</i>	<i>2,158</i>	<i>2,004</i>	<i>1,818</i>	<i>1,632</i>
<i>2,800-2,999</i>	<i>2,339</i>	<i>2,208</i>	<i>2,054</i>	<i>1,868</i>	<i>1,682</i>
<i>3,000-3,199</i>	<i>2,389</i>	<i>2,258</i>	<i>2,104</i>	<i>1,918</i>	<i>1,732</i>
<i>3,200-3,399</i>	<i>2,439</i>	<i>2,308</i>	<i>2,154</i>	<i>1,968</i>	<i>1,782</i>
<i>3,400-3,599</i>	<i>2,489</i>	<i>2,358</i>	<i>2,204</i>	<i>2,018</i>	<i>1,832</i>
<i>3,600-3,799</i>	<i>2,539</i>	<i>2,408</i>	<i>2,254</i>	<i>2,068</i>	<i>1,882</i>
<i>3,800-3,999</i>	<i>2,589</i>	<i>2,458</i>	<i>2,304</i>	<i>2,118</i>	<i>1,932</i>
<i>4,000-4,199</i>	<i>2,639</i>	<i>2,508</i>	<i>2,354</i>	<i>2,168</i>	<i>1,982</i>
<i>4,200-4,399</i>	<i>2,689</i>	<i>2,558</i>	<i>2,404</i>	<i>2,218</i>	<i>2,032</i>
<i>4,400-4,599</i>	<i>2,739</i>	<i>2,608</i>	<i>2,454</i>	<i>2,268</i>	<i>2,082</i>
<i>4,600-4,799</i>	<i>2,789</i>	<i>2,658</i>	<i>2,504</i>	<i>2,318</i>	<i>2,132</i>
<i>4,800-4,999</i>	<i>2,839</i>	<i>2,708</i>	<i>2,554</i>	<i>2,368</i>	<i>2,182</i>
<i>5,000-5,199</i>	<i>2,889</i>	<i>2,758</i>	<i>2,604</i>	<i>2,418</i>	<i>2,232</i>
<i>5,200-5,399</i>	<i>2,939</i>	<i>2,808</i>	<i>2,654</i>	<i>2,468</i>	<i>2,282</i>
<i>5,400-5,599</i>	<i>2,989</i>	<i>2,858</i>	<i>2,704</i>	<i>2,518</i>	<i>2,332</i>
<i>5,600-5,799</i>	<i>3,039</i>	<i>2,908</i>	<i>2,754</i>	<i>2,568</i>	<i>2,382</i>
<i>5,800-5,999</i>	<i>3,089</i>	<i>2,958</i>	<i>2,804</i>	<i>2,618</i>	<i>2,432</i>
<i>6,000-6,199</i>	<i>3,139</i>	<i>3,008</i>	<i>2,854</i>	<i>2,668</i>	<i>2,482</i>
<i>6,200-6,399</i>	<i>3,189</i>	<i>3,058</i>	<i>2,904</i>	<i>2,718</i>	<i>2,532</i>
<i>6,400-6,599</i>	<i>3,239</i>	<i>3,108</i>	<i>2,954</i>	<i>2,768</i>	<i>2,582</i>
<i>6,600-6,799</i>	<i>3,289</i>	<i>3,158</i>	<i>3,004</i>	<i>2,818</i>	<i>2,632</i>
<i>6,800-6,999</i>	<i>3,339</i>	<i>3,208</i>	<i>3,054</i>	<i>2,868</i>	<i>2,682</i>
<i>7,000-7,199</i>	<i>3,389</i>	<i>3,258</i>	<i>3,104</i>	<i>2,918</i>	<i>2,732</i>
<i>7,200-7,399</i>	<i>3,439</i>	<i>3,308</i>	<i>3,154</i>	<i>2,968</i>	<i>2,782</i>
<i>7,400-7,599</i>	<i>3,489</i>	<i>3,358</i>	<i>3,204</i>	<i>3,018</i>	<i>2,832</i>
<i>7,600-7,799</i>	<i>3,539</i>	<i>3,408</i>	<i>3,254</i>	<i>3,068</i>	<i>2,882</i>
<i>7,800-7,999</i>	<i>3,589</i>	<i>3,458</i>	<i>3,304</i>	<i>3,118</i>	<i>2,932</i>
<i>8,000-8,199</i>	<i>3,639</i>	<i>3,508</i>	<i>3,354</i>	<i>3,168</i>	<i>2,982</i>

TABLE 3.—PELL GRANT PAYMENT SCHEDULE—Continued

Dependent Students, Independent Students with Dependents

If tuition is:	And expected family contribution is:				
	\$1,601-1,800	\$1,801-2,000	\$2,001-2,200	\$2,201-2,400	\$2,401-2,600
Then the award is:					
8,200-8,399	3,689	3,558	3,404	3,218	3,032
8,400-8,599	3,739	3,608	3,454	3,268	3,082
8,600-8,799	3,789	3,658	3,504	3,318	3,132
8,800-8,999	3,839	3,708	3,554	3,368	3,182
9,000-9,199	3,889	3,758	3,604	3,418	3,232
9,200-9,399	3,939	3,808	3,654	3,468	3,282
9,400-9,599	3,989	3,858	3,704	3,518	3,332
9,600-9,799	4,039	3,908	3,754	3,568	3,382
9,800-9,999	4,089	3,958	3,804	3,618	3,432
10,000-10,199	4,139	4,008	3,854	3,668	3,482
10,200-10,399	4,189	4,058	3,904	3,718	3,532
10,400-10,599	4,239	4,108	3,954	3,768	3,582
10,600-10,799	4,289	4,158	4,004	3,818	3,632
10,800-10,999	4,339	4,208	4,054	3,868	3,682
11,000-11,199	4,389	4,258	4,104	3,918	3,732
11,200-11,399	4,439	4,308	4,154	3,968	3,782

TABLE 3.—PELL GRANT PAYMENT SCHEDULE--Continued

Dependent Students, Independent Students with Dependents

If tuition is:	And expected family contribution is:				
	\$2,601-2,800	\$2,801-3,000	\$3,001-3,200	\$3,201-3,400	\$3,401-3,600
Then the award is:					
\$0-\$199.....	\$780	\$620	\$459	\$298	\$159
200-399.....	855	695	534	373	234
400-599.....	905	745	584	423	284
600-799.....	955	795	634	473	334
800-999.....	1,005	845	684	523	384
1,000-1,199.....	1,055	895	734	573	434
1,200-1,399.....	1,105	945	784	623	484
1,400-1,599.....	1,155	995	834	673	534
1,600-1,799.....	1,205	1,045	884	723	584
1,800-1,999.....	1,255	1,095	934	773	634
2,000-2,199.....	1,305	1,145	984	823	684
2,200-2,399.....	1,355	1,195	1,034	873	734
2,400-2,599.....	1,405	1,245	1,084	923	784
2,600-2,799.....	1,455	1,295	1,134	973	834
2,800-2,999.....	1,505	1,345	1,184	1,023	884
3,000-3,199.....	1,555	1,395	1,234	1,073	934
3,200-3,399.....	1,605	1,445	1,284	1,123	984
3,400-3,599.....	1,655	1,495	1,334	1,173	1,034
3,600-3,799.....	1,705	1,545	1,384	1,223	1,084
3,800-3,999.....	1,755	1,595	1,434	1,273	1,134
4,000-4,199.....	1,805	1,645	1,484	1,323	1,184
4,200-4,399.....	1,855	1,695	1,534	1,373	1,234
4,400-4,599.....	1,905	1,745	1,584	1,423	1,284
4,600-4,799.....	1,955	1,795	1,634	1,473	1,334
4,800-4,999.....	2,005	1,845	1,684	1,523	1,384
5,000-5,199.....	2,055	1,895	1,734	1,573	1,434
5,200-5,399.....	2,105	1,945	1,784	1,623	1,484
5,400-5,599.....	2,155	1,995	1,834	1,673	1,534
5,600-5,799.....	2,205	2,045	1,884	1,723	1,584
5,800-5,999.....	2,255	2,095	1,934	1,773	1,634
6,000-6,199.....	2,305	2,145	1,984	1,823	1,684
6,200-6,399.....	2,355	2,195	2,034	1,873	1,734
6,400-6,599.....	2,405	2,245	2,084	1,923	1,784
6,600-6,799.....	2,455	2,295	2,134	1,973	1,834
6,800-6,999.....	2,505	2,345	2,184	2,023	1,884
7,000-7,199.....	2,555	2,395	2,234	2,073	1,934
7,200-7,399.....	2,605	2,445	2,284	2,123	1,984
7,400-7,599.....	2,655	2,495	2,334	2,173	2,034
7,600-7,799.....	2,705	2,545	2,384	2,223	2,084
7,800-7,999.....	2,755	2,595	2,434	2,273	2,134
8,000-8,199.....	2,805	2,645	2,484	2,323	2,184

TABLE 3.—PELL GRANT PAYMENT SCHEDULE—Continued

Dependent Students, Independent Students with Dependents

If tuition is:	And expected family contribution is:				
	\$2,601-2,800	\$2,801-3,000	\$3,001-3,200	\$3,201-3,400	\$3,401-3,600
Then the award is:					
8,200-8,399.....	2,855	2,695	2,534	2,373	2,234
8,400-8,599.....	2,905	2,745	2,584	2,423	2,284
8,600-8,799.....	2,955	2,795	2,634	2,473	2,334
8,800-8,999.....	3,005	2,845	2,684	2,523	2,384
9,000-9,199.....	3,055	2,895	2,734	2,573	2,434
9,200-9,399.....	3,105	2,945	2,784	2,623	2,484
9,400-9,599.....	3,155	2,995	2,834	2,673	2,534
9,600-9,799.....	3,205	3,045	2,884	2,723	2,584
9,800-9,999.....	3,255	3,095	2,934	2,773	2,634
10,000-10,199.....	3,305	3,145	2,984	2,823	2,684
10,200-10,399.....	3,355	3,195	3,034	2,873	2,734
10,400-10,599.....	3,405	3,245	3,084	2,923	2,784
10,600-10,799.....	3,455	3,295	3,134	2,973	2,834
10,800-10,999.....	3,505	3,345	3,184	3,023	2,884
11,000-11,199.....	3,555	3,395	3,234	3,073	2,934
11,200-11,399.....	3,605	3,445	3,284	3,123	2,984

TABLE 3.—PELL GRANT PAYMENT SCHEDULE—Continued

Dependent Students, Independent Students with Dependents

If tuition is:	And expected family contribution is:				
	\$3,601-3,800	\$3,801-4,000	\$4,001-4,200	\$4,201-4,400	\$4,401-4,600
Then the award is:					
\$0-\$199.....	\$22	-\$115	-\$252	-\$368	-\$485
200-399.....	97	-40	-177	-293	-410
400-599.....	147	10	-127	-243	-360
600-799.....	197	60	-77	-193	-310
800-999.....	247	110	-27	-143	-260
1,000-1,199.....	297	160	23	-93	-210
1,200-1,399.....	347	210	73	-43	-160
1,400-1,599.....	397	260	123	7	-110
1,600-1,799.....	447	310	173	57	-60
1,800-1,999.....	497	360	223	107	-10
2,000-2,199.....	547	410	273	157	40
2,200-2,399.....	597	460	323	207	90
2,400-2,599.....	647	510	373	257	140
2,600-2,799.....	697	560	423	307	190
2,800-2,999.....	747	610	473	357	240
3,000-3,199.....	797	660	523	407	290
3,200-3,399.....	847	710	573	457	340
3,400-3,599.....	897	760	623	507	390
3,600-3,799.....	947	810	673	557	440
3,800-3,999.....	997	860	723	607	490
4,000-4,199.....	1,047	910	773	657	540
4,200-4,399.....	1,097	960	823	707	590
4,400-4,599.....	1,147	1,010	873	757	640
4,600-4,799.....	1,197	1,060	923	807	690
4,800-4,999.....	1,247	1,110	973	857	740
5,000-5,199.....	1,297	1,160	1,023	907	790
5,200-5,399.....	1,347	1,210	1,073	957	840
5,400-5,599.....	1,397	1,260	1,123	1,007	890
5,600-5,799.....	1,447	1,310	1,173	1,057	940
5,800-5,999.....	1,497	1,360	1,223	1,107	990
6,000-6,199.....	1,547	1,410	1,273	1,157	1,040
6,200-6,399.....	1,597	1,460	1,323	1,207	1,090
6,400-6,599.....	1,647	1,510	1,373	1,257	1,140
6,600-6,799.....	1,697	1,560	1,423	1,307	1,190
6,800-6,999.....	1,747	1,610	1,473	1,357	1,240
7,000-7,199.....	1,797	1,660	1,523	1,407	1,290
7,200-7,399.....	1,847	1,710	1,573	1,457	1,340
7,400-7,599.....	1,897	1,760	1,623	1,507	1,390
7,600-7,799.....	1,947	1,810	1,673	1,557	1,440
7,800-7,999.....	1,997	1,860	1,723	1,607	1,490
8,000-8,199.....	2,047	1,910	1,773	1,657	1,540

TABLE 3.—PELL GRANT PAYMENT SCHEDULE—Continued*Dependent Students, Independent Students with Dependents*

<i>If tuition is:</i>	<i>And expected family contribution is:</i>				
	<i>\$3,601-3,800</i>	<i>\$3,801-4,000</i>	<i>\$4,001-4,200</i>	<i>\$4,201-4,400</i>	<i>\$4,401-4,600</i>
<i>Then the award is:</i>					
8,200-8,399.....	2,097	1,960	1,823	1,707	1,590
8,400-8,599.....	2,147	2,010	1,873	1,757	1,640
8,600-8,799.....	2,197	2,060	1,923	1,807	1,690
8,800-8,999.....	2,247	2,110	1,973	1,857	1,740
9,000-9,199.....	2,297	2,160	2,023	1,907	1,790
9,200-9,399.....	2,347	2,210	2,073	1,957	1,840
9,400-9,599.....	2,397	2,260	2,123	2,007	1,890
9,600-9,799.....	2,447	2,310	2,173	2,057	1,940
9,800-9,999.....	2,497	2,360	2,223	2,107	1,990
10,000-10,199.....	2,547	2,410	2,273	2,157	2,040
10,200-10,399.....	2,597	2,460	2,323	2,207	2,090
10,400-10,599.....	2,647	2,510	2,373	2,257	2,140
10,600-10,799.....	2,697	2,560	2,423	2,307	2,190
10,800-10,999.....	2,747	2,610	2,473	2,357	2,240
11,000-11,199.....	2,797	2,660	2,523	2,407	2,290
11,200-11,399.....	2,847	2,710	2,573	2,457	2,340

TABLE 3.—PELL GRANT PAYMENT SCHEDULE—Continued

Dependent Students, Independent Students with Dependents

If tuition is:	And expected family contribution is:				
	\$4,601-4,800	\$4,801-5,000	\$5,001-5,200	\$5,201-5,400	\$5,401-5,600
Then the award is:					
\$0-\$199.....	-\$601	-\$718	-\$831	-\$930	-\$1,029
200-399.....	-526	-643	-756	-855	-954
400-599.....	-476	-593	-706	-805	-904
600-799.....	-426	-543	-656	-755	-854
800-999.....	-376	-493	-606	-705	-804
1,000-1,199.....	-326	-443	-556	-655	-754
1,200-1,399.....	-276	-393	-506	-605	-704
1,400-1,599.....	-226	-343	-456	-555	-654
1,600-1,799.....	-176	-293	-406	-505	-604
1,800-1,999.....	-126	-243	-356	-455	-554
2,000-2,199.....	-76	-193	-306	-405	-504
2,200-2,399.....	-26	-143	-256	-355	-454
2,400-2,599.....	24	-93	-206	-305	-404
2,600-2,799.....	74	-43	-156	-255	-354
2,800-2,999.....	124	7	-106	-205	-304
3,000-3,199.....	174	57	-56	-155	-254
3,200-3,399.....	224	107	-6	-105	-204
3,400-3,599.....	274	157	44	-55	-154
3,600-3,799.....	324	207	94	-5	-104
3,800-3,999.....	374	257	144	45	-54
4,000-4,199.....	424	307	194	95	-4
4,200-4,399.....	474	357	244	145	46
4,400-4,599.....	524	407	294	195	96
4,600-4,799.....	574	457	344	245	146
4,800-4,999.....	624	507	394	295	196
5,000-5,199.....	674	557	444	345	246
5,200-5,399.....	724	607	494	395	296
5,400-5,599.....	774	657	544	445	346
5,600-5,799.....	824	707	594	495	396
5,800-5,999.....	874	757	644	545	446
6,000-6,199.....	924	807	694	595	496
6,200-6,399.....	974	857	744	645	546
6,400-6,599.....	1,024	907	794	695	596
6,600-6,799.....	1,074	957	844	745	646
6,800-6,999.....	1,124	1,007	894	795	696
7,000-7,199.....	1,174	1,057	944	845	746
7,200-7,399.....	1,224	1,107	994	895	796
7,400-7,599.....	1,274	1,157	1,044	945	846
7,600-7,799.....	1,324	1,207	1,094	995	896
7,800-7,999.....	1,374	1,257	1,144	1,045	946
8,000-8,199.....	1,424	1,307	1,194	1,095	996
8,200-8,399.....	1,474	1,357	1,244	1,145	1,046
8,400-8,599.....	1,524	1,407	1,294	1,195	1,096
8,600-8,799.....	1,574	1,457	1,344	1,245	1,146
8,800-8,999.....	1,624	1,507	1,394	1,295	1,196
9,000-9,199.....	1,674	1,557	1,444	1,345	1,246
9,200-9,399.....	1,724	1,607	1,494	1,395	1,296
9,400-9,599.....	1,774	1,657	1,544	1,445	1,346
9,600-9,799.....	1,824	1,707	1,594	1,495	1,396
9,800-9,999.....	1,874	1,757	1,644	1,545	1,446
10,000-10,199.....	1,924	1,807	1,694	1,595	1,496
10,200-10,399.....	1,974	1,857	1,744	1,645	1,546
10,400-10,599.....	2,024	1,907	1,794	1,695	1,596
10,600-10,799.....	2,074	1,957	1,844	1,745	1,646
10,800-10,999.....	2,124	2,007	1,894	1,795	1,696
11,000-11,199.....	2,174	2,057	1,944	1,845	1,746
11,200-11,399.....	2,224	2,107	1,994	1,895	1,796

TABLE 3.—PELL GRANT PAYMENT SCHEDULE—Continued

Dependent Students, Independent Students with Dependents

If tuition is:	And expected family contribution is:				
	\$5,801-5,800	\$5,801-6,000	\$6,001-6,200	\$6,201-6,400	\$6,401-6,600
Then the award is:					
\$0-\$199.....	-\$1,128	-\$1,227	-\$1,330	-\$1,439	-\$1,535
200-399.....	-1,053	-1,152	-1,255	-1,352	-1,460
400-519.....	-1,003	-1,102	-1,205	-1,308	-1,410
600-799.....	-953	-1,052	-1,155	-1,258	-1,360
800-999.....	-903	-1,002	-1,105	-1,208	-1,310
1,000-1,199.....	-853	-952	-1,055	-1,158	-1,260
1,200-1,399.....	-803	-902	-1,005	-1,108	-1,210
1,400-1,599.....	-753	-852	-955	-1,058	-1,160
1,600-1,799.....	-703	-802	-905	-1,008	-1,110
1,800-1,999.....	-653	-752	-855	-958	-1,060
2,000-2,199.....	-603	-702	-805	-908	-1,010
2,200-2,399.....	-553	-652	-755	-858	-960
2,400-2,599.....	-503	-602	-705	-808	-910
2,600-2,799.....	-453	-552	-655	-758	-860
2,800-2,999.....	-403	-502	-605	-708	-810
3,000-3,199.....	-353	-452	-555	-658	-760
3,200-3,399.....	-303	-402	-505	-608	-710
3,400-3,599.....	-253	-352	-455	-558	-660
3,600-3,799.....	-203	-302	-405	-508	-610
3,800-3,999.....	-153	-252	-355	-458	-560
4,000-4,199.....	-103	-202	-305	-408	-510
4,200-4,399.....	-53	-152	-255	-358	-460
4,400-4,599.....	-3	-102	-205	-308	-410
4,600-4,799.....	47	-52	-155	-258	-360
4,800-4,999.....	97	-2	-105	-208	-310
5,000-5,199.....	147	48	-55	-158	-260
5,200-5,399.....	197	98	-5	-108	-210
5,400-5,599.....	247	148	45	-58	-160
5,600-5,799.....	297	198	95	-8	-110
5,800-5,999.....	347	248	145	42	-60
6,000-6,199.....	397	298	195	92	-10
6,200-6,399.....	447	348	245	142	40
6,400-6,599.....	497	398	295	192	90
6,600-6,799.....	547	448	345	242	140
6,800-6,999.....	597	498	395	292	190
7,000-7,199.....	647	548	445	342	240
7,200-7,399.....	697	598	495	392	290
7,400-7,599.....	747	648	545	442	340
7,600-7,799.....	797	698	595	492	390
7,800-7,999.....	847	748	645	542	440
8,000-8,199.....	897	798	695	592	490
8,200-8,399.....	947	848	745	642	540
8,400-8,599.....	997	898	795	692	590
8,600-8,799.....	1,047	948	845	742	640
8,800-8,999.....	1,097	998	895	792	690
9,000-9,199.....	1,147	1,048	945	842	740
9,200-9,399.....	1,197	1,098	995	892	790
9,400-9,599.....	1,247	1,148	1,045	942	840
9,600-9,799.....	1,297	1,198	1,095	992	890
9,800-9,999.....	1,347	1,248	1,145	1,042	940
10,000-10,199.....	1,397	1,298	1,195	1,092	990
10,200-10,399.....	1,447	1,348	1,245	1,142	1,040
10,400-10,599.....	1,497	1,398	1,295	1,192	1,090
10,600-10,799.....	1,547	1,448	1,345	1,242	1,140
10,800-10,999.....	1,597	1,498	1,395	1,292	1,190
11,000-11,199.....	1,647	1,548	1,445	1,342	1,240
11,200-11,399.....	1,697	1,598	1,495	1,392	1,290

TABLE 3.—PELL GRANT PAYMENT SCHEDULE—Continued

Dependent Students, Independent Students with Dependents

If tuition is:	And expected family contribution is:			
	\$6,601-6,800	\$6,801-7,000	\$7,001-7,200	\$7,201-7,400
Then the award is:				
\$0-\$199	-\$1,638	-\$1,740	-\$1,843	-\$1,945
200-399	-1,563	-1,665	-1,768	-1,870
400-599	-1,513	-1,615	-1,718	-1,820
600-799	-1,463	-1,565	-1,668	-1,770
800-999	-1,413	-1,515	-1,618	-1,720
1,000-1,199	-1,363	-1,465	-1,568	-1,670
1,200-1,399	-1,313	-1,415	-1,518	-1,620
1,400-1,599	-1,263	-1,365	-1,468	-1,570
1,600-1,799	-1,213	-1,315	-1,418	-1,520
1,800-1,999	-1,163	-1,265	-1,368	-1,470
2,000-2,199	-1,113	-1,215	-1,318	-1,420
2,200-2,399	-1,063	-1,165	-1,268	-1,370
2,400-2,599	-1,013	-1,115	-1,218	-1,320
2,600-2,799	-963	-1,065	-1,168	-1,270
2,800-2,999	-913	-1,015	-1,118	-1,220
3,000-3,199	-863	-965	-1,068	-1,170
3,200-3,399	-813	-915	-1,018	-1,120
3,400-3,599	-763	-865	-968	-1,070
3,600-3,799	-713	-815	-918	-1,020
3,800-3,999	-663	-765	-868	-970
4,000-4,199	-613	-715	-818	-920
4,200-4,399	-563	-665	-768	-870
4,400-4,599	-513	-615	-718	-820
4,600-4,799	-463	-565	-668	-770
4,800-4,999	-413	-515	-618	-720
5,000-5,199	-363	-465	-568	-670
5,200-5,399	-313	-415	-518	-620
5,400-5,599	-263	-365	-468	-570
5,600-5,799	-213	-315	-418	-520
5,800-5,999	-163	-265	-368	-470
6,000-6,199	-113	-215	-318	-420
6,200-6,399	-63	-165	-268	-370
6,400-6,599	-13	-115	-218	-320
6,600-6,799	37	-65	-168	-270
6,800-6,999	87	-15	-118	-220
7,000-7,199	137	35	-68	-170
7,200-7,399	187	85	-18	-120
7,400-7,599	237	135	32	-70
7,600-7,799	287	185	82	-20
7,800-7,999	337	235	132	30
8,000-8,199	387	285	182	80
8,200-8,399	437	335	232	130
8,400-8,599	487	385	282	180
8,600-8,799	537	435	332	230
8,800-8,999	587	485	382	280
9,000-9,199	637	535	432	330
9,200-9,399	687	585	482	380
9,400-9,599	737	635	532	430
9,600-9,799	787	685	582	480
9,800-9,999	837	735	632	530
10,000-10,199	887	785	682	580
10,200-10,399	937	835	732	630
10,400-10,599	987	885	782	680
10,600-10,799	1,037	935	832	730
10,800-10,999	1,087	985	882	780
11,000-11,199	1,137	1,035	932	830
11,200-11,399	1,187	1,085	982	880

TABLE A.—PELL GRANT PAYMENT SCHEDULE

Single Independent Students

Tuition is:	And expected family contribution is:				
	\$0-2,000	\$2,001-2,500	\$2,501-2,400	\$2,401-2,600	\$2,601-2,800
Then the award is:					
\$0-\$199.....	\$2,750	\$2,447	\$2,137	\$1,826	\$1,515
200-399.....	2,825	2,522	2,212	1,901	1,590
400-599.....	2,875	2,572	2,262	1,951	1,640
600-799.....	2,925	2,622	2,312	2,001	1,690
800-999.....	2,975	2,672	2,362	2,051	1,740
1,000-1,199.....	3,025	2,722	2,412	2,101	1,790
1,200-1,399.....	3,075	2,772	2,462	2,151	1,840
1,400-1,599.....	3,125	2,822	2,512	2,201	1,890
1,600-1,799.....	3,175	2,872	2,562	2,251	1,940
1,800-1,999.....	3,225	2,922	2,612	2,301	1,990
2,000-2,199.....	3,275	2,972	2,662	2,351	2,040
2,200-2,399.....	3,325	3,022	2,712	2,401	2,090
2,400-2,599.....	3,375	3,072	2,762	2,451	2,140
2,600-2,799.....	3,425	3,122	2,812	2,501	2,190
2,800-2,999.....	3,475	3,172	2,862	2,551	2,240
3,000-3,199.....	3,525	3,222	2,912	2,601	2,290
3,200-3,399.....	3,575	3,272	2,962	2,651	2,340
3,400-3,599.....	3,625	3,322	3,012	2,701	2,390
3,600-3,799.....	3,675	3,372	3,062	2,751	2,440
3,800-3,999.....	3,725	3,422	3,112	2,801	2,490
4,000-4,199.....	3,775	3,472	3,162	2,851	2,540
4,200-4,399.....	3,825	3,522	3,212	2,901	2,590
4,400-4,599.....	3,875	3,572	3,262	2,951	2,640
4,600-4,799.....	3,925	3,622	3,312	3,001	2,690
4,800-4,999.....	3,975	3,672	3,362	3,051	2,740
5,000-5,199.....	4,025	3,722	3,412	3,101	2,790
5,200-5,399.....	4,075	3,772	3,462	3,151	2,840
5,400-5,599.....	4,125	3,822	3,512	3,201	2,890
5,600-5,799.....	4,175	3,872	3,562	3,251	2,940
5,800-5,999.....	4,225	3,922	3,612	3,301	2,990
6,000-6,199.....	4,275	3,972	3,662	3,351	3,040
6,200-6,399.....	4,325	4,022	3,712	3,401	3,090
6,400-6,599.....	4,375	4,072	3,762	3,451	3,140
6,600-6,799.....	4,425	4,122	3,812	3,501	3,190
6,800-6,999.....	4,475	4,172	3,862	3,551	3,240
7,000-7,199.....	4,525	4,222	3,912	3,601	3,290
7,200-7,399.....	4,575	4,272	3,962	3,651	3,340
7,400-7,599.....	4,625	4,322	4,012	3,701	3,390
7,600-7,799.....	4,675	4,372	4,062	3,751	3,440
7,800-7,999.....	4,725	4,422	4,112	3,801	3,490
8,000-8,199.....	4,775	4,472	4,162	3,851	3,540
8,200-8,399.....	4,825	4,522	4,212	3,901	3,590
8,400-8,599.....	4,875	4,572	4,262	3,951	3,640
8,600-8,799.....	4,925	4,622	4,312	4,001	3,690
8,800-8,999.....	4,975	4,672	4,362	4,051	3,740
9,000-9,199.....	5,025	4,722	4,412	4,101	3,790
9,200-9,399.....	5,075	4,772	4,462	4,151	3,840
9,400-9,599.....	5,125	4,822	4,512	4,201	3,890
9,600-9,799.....	5,175	4,872	4,562	4,251	3,940
9,800-9,999.....	5,225	4,922	4,612	4,301	3,990
10,000-10,199.....	5,275	4,972	4,662	4,351	4,040
10,200-10,399.....	5,325	5,022	4,712	4,401	4,090
10,400-10,599.....	5,375	5,072	4,762	4,451	4,140
10,600-10,799.....	5,425	5,122	4,812	4,501	4,190
10,800-10,999.....	5,475	5,172	4,862	4,551	4,240
11,000-11,199.....	5,525	5,222	4,912	4,601	4,290
11,200-11,399.....	5,575	5,272	4,962	4,651	4,340

TABLE 4.—PELL GRANT PAYMENT SCHEDULE—Continued

Single Independent Students

If tuition is:	And expected family contribution is:				
	\$2,801-3,000	\$3,001-3,200	\$3,201-3,400	\$3,401-3,600	\$3,601-3,800
Then the award is:					
\$0-\$199.....	\$1,205	\$894	\$584	\$273	—\$98
200-399.....	1,280	969	659	348	37
400-599.....	1,330	1,019	709	398	87
600-799.....	1,380	1,069	759	448	137
800-999.....	1,430	1,119	809	498	187
1,000-1,199.....	1,480	1,169	859	548	237
1,200-1,399.....	1,530	1,219	909	598	287
1,400-1,599.....	1,580	1,269	959	648	337
1,600-1,799.....	1,630	1,319	1,009	698	387
1,800-1,999.....	1,680	1,369	1,059	748	437
2,000-2,199.....	1,730	1,419	1,109	798	487
2,200-2,399.....	1,780	1,469	1,159	848	537
2,400-2,599.....	1,830	1,519	1,209	898	587
2,600-2,799.....	1,880	1,569	1,259	948	637
2,800-2,999.....	1,930	1,619	1,309	998	687
3,000-3,199.....	1,980	1,669	1,359	1,048	737
3,200-3,399.....	2,030	1,719	1,409	1,098	787
3,400-3,599.....	2,080	1,769	1,459	1,148	837
3,600-3,799.....	2,130	1,819	1,509	1,198	887
3,800-3,999.....	2,180	1,869	1,559	1,248	937
4,000-4,199.....	2,230	1,919	1,609	1,298	987
4,200-4,399.....	2,280	1,969	1,659	1,348	1,037
4,400-4,599.....	2,330	2,019	1,709	1,398	1,087
4,600-4,799.....	2,380	2,069	1,759	1,448	1,137
4,800-4,999.....	2,430	2,119	1,809	1,498	1,187
5,000-5,199.....	2,480	2,169	1,859	1,548	1,237
5,200-5,399.....	2,530	2,219	1,909	1,598	1,287
5,400-5,599.....	2,580	2,269	1,959	1,648	1,337
5,600-5,799.....	2,630	2,319	2,009	1,698	1,387
5,800-5,999.....	2,680	2,369	2,059	1,748	1,437
6,000-6,199.....	2,730	2,419	2,109	1,798	1,487
6,200-6,399.....	2,780	2,469	2,159	1,848	1,537
6,400-6,599.....	2,830	2,519	2,209	1,898	1,587
6,600-6,799.....	2,880	2,569	2,259	1,948	1,637
6,800-6,999.....	2,930	2,619	2,309	1,998	1,687
7,000-7,199.....	2,980	2,669	2,359	2,048	1,737
7,200-7,399.....	3,030	2,719	2,409	2,098	1,787
7,400-7,599.....	3,080	2,769	2,459	2,148	1,837
7,600-7,799.....	3,130	2,819	2,509	2,198	1,887
7,800-7,999.....	3,180	2,869	2,559	2,248	1,937
8,000-8,199.....	3,230	2,919	2,609	2,298	1,987
8,200-8,399.....	3,280	2,969	2,659	2,348	2,037
8,400-8,599.....	3,330	3,019	2,709	2,398	2,087
8,600-8,799.....	3,380	3,069	2,759	2,448	2,137
8,800-8,999.....	3,430	3,119	2,809	2,498	2,187
9,000-9,199.....	3,480	3,169	2,859	2,548	2,237
9,200-9,399.....	3,530	3,219	2,909	2,598	2,287
9,400-9,599.....	3,580	3,269	2,959	2,648	2,337
9,600-9,799.....	3,630	3,319	3,009	2,698	2,387
9,800-9,999.....	3,680	3,369	3,059	2,748	2,437
10,000-10,199.....	3,730	3,419	3,109	2,798	2,487
10,200-10,399.....	3,780	3,469	3,159	2,848	2,537
10,400-10,599.....	3,830	3,519	3,209	2,898	2,587
10,600-10,799.....	3,880	3,569	3,259	2,948	2,637
10,800-10,999.....	3,930	3,619	3,309	2,998	2,687
11,000-11,199.....	3,980	3,669	3,359	3,048	2,737
11,200-11,399.....	4,030	3,719	3,409	3,098	2,787

TABLE 4.—PELL GRANT PAYMENT SCHEDULE—Continued

Single Independent Students

If tuition is:	And expected family contribution is:			
	\$3,801-4,000	\$4,001-4,300	\$4,301-4,600	\$4,601-4,800
Then the award is:				
\$0-\$199	-\$348	-\$659	-\$970	-\$1,280
200-399	-273	-584	-895	-1,205
400-599	-223	-534	-845	-1,155
600-799	-173	-484	-795	-1,105
800-999	-123	-434	-745	-1,055
1,000-1,199	-73	-384	-695	-1,005
1,200-1,399	-23	-334	-645	-955
1,400-1,599	27	-284	-595	-905
1,600-1,799	77	-234	-545	-855
1,800-1,999	127	-184	-495	-805
2,000-2,199	177	-134	-445	-755
2,200-2,399	227	-84	-395	-705
2,400-2,599	277	-34	-345	-655
2,600-2,799	327	16	-295	-605
2,800-2,999	377	66	-245	-555
3,000-3,199	427	116	-195	-505
3,200-3,399	477	166	-145	-455
3,400-3,599	527	216	-95	-405
3,600-3,799	577	266	-45	-355
3,800-3,999	627	316	5	-305
4,000-4,199	677	366	55	-255
4,200-4,399	727	416	105	-205
4,400-4,599	777	466	155	-155
4,600-4,799	827	516	205	-105
4,800-4,999	877	566	255	-55
5,000-5,199	927	616	305	-5
5,200-5,399	977	666	355	45
5,400-5,599	1,027	716	405	95
5,600-5,799	1,077	766	455	145
5,800-5,999	1,127	816	505	195
6,000-6,199	1,177	866	555	245
6,200-6,399	1,227	916	605	295
6,400-6,599	1,277	966	655	345
6,600-6,799	1,327	1,016	705	395
6,800-6,999	1,377	1,066	755	445
7,000-7,199	1,427	1,116	805	495
7,200-7,399	1,477	1,166	855	545
7,400-7,599	1,527	1,216	905	595
7,600-7,799	1,577	1,266	955	645
7,800-7,999	1,627	1,316	1,005	695
8,000-8,199	1,677	1,366	1,055	745
8,200-8,399	1,727	1,416	1,105	795
8,400-8,599	1,777	1,466	1,155	845
8,600-8,799	1,827	1,516	1,205	895
8,800-8,999	1,877	1,566	1,255	945
9,000-9,199	1,927	1,616	1,305	995
9,200-9,399	1,977	1,666	1,355	1,045
9,400-9,599	2,027	1,716	1,405	1,095
9,600-9,799	2,077	1,766	1,455	1,145
9,800-9,999	2,127	1,816	1,505	1,195
10,000-10,199	2,177	1,866	1,555	1,245
10,200-10,399	2,227	1,916	1,605	1,295
10,400-10,599	2,277	1,966	1,655	1,345
10,600-10,799	2,327	2,016	1,705	1,395
10,800-10,999	2,377	2,066	1,755	1,445
11,000-11,199	2,427	2,116	1,805	1,495
11,200-11,399	2,477	2,166	1,855	1,545

TABLE 4.—PELL GRANT PAYMENT SCHEDULE—Continued

Single Independent Students

If tuition is:	And expected family contribution is:				
	\$4,601-4,800	\$4,801-5,000	\$5,001-5,200	\$5,201-5,400	\$5,401-5,600
Then the award is:					
\$0-\$199.....	-1,591	-\$2,017	-\$2,332	-\$2,647	-\$2,962
200-399.....	-1,516	-1,942	-2,257	-2,572	-2,887
400-599.....	-1,466	-1,892	-2,207	-2,522	-2,837
600-799.....	-1,416	-1,842	-2,157	-2,472	-2,787
800-999.....	-1,366	-1,792	-2,107	-2,422	-2,737
1,000-1,199.....	-1,316	-1,742	-2,057	-2,372	-2,687
1,200-1,399.....	-1,266	-1,692	-2,007	-2,322	-2,637
1,400-1,599.....	-1,216	-1,642	-1,957	-2,272	-2,587
1,600-1,799.....	-1,166	-1,592	-1,907	-2,222	-2,537
1,800-1,999.....	-1,116	-1,542	-1,857	-2,172	-2,487
2,000-2,199.....	-1,066	-1,492	-1,807	-2,122	-2,437
2,200-2,399.....	-1,016	-1,442	-1,757	-2,072	-2,387
2,400-2,599.....	-966	-1,392	-1,707	-2,022	-2,337
2,600-2,799.....	-916	-1,342	-1,657	-1,972	-2,287
2,800-2,999.....	-866	-1,292	-1,607	-1,922	-2,237
3,000-3,199.....	-816	-1,242	-1,557	-1,872	-2,187
3,200-3,399.....	-766	-1,192	-1,507	-1,822	-2,137
3,400-3,599.....	-716	-1,142	-1,457	-1,772	-2,087
3,600-3,799.....	-666	-1,092	-1,407	-1,722	-2,037
3,800-3,999.....	-616	-1,042	-1,357	-1,672	-1,987
4,000-4,199.....	-566	-992	-1,307	-1,622	-1,937
4,200-4,399.....	-516	-942	-1,257	-1,572	-1,887
4,400-4,599.....	-466	-892	-1,207	-1,522	-1,837
4,600-4,799.....	-416	-842	-1,157	-1,472	-1,787
4,800-4,999.....	-366	-792	-1,107	-1,422	-1,737
5,000-5,199.....	-316	-742	-1,057	-1,372	-1,687
5,200-5,399.....	-266	-692	-1,007	-1,322	-1,637
5,400-5,599.....	-216	-642	-957	-1,272	-1,587
5,600-5,799.....	-166	-592	-907	-1,222	-1,537
5,800-5,999.....	-116	-542	-857	-1,172	-1,487
6,000-6,199.....	-66	-492	-807	-1,122	-1,437
6,200-6,399.....	-16	-442	-757	-1,072	-1,387
6,400-6,599.....	34	-392	-707	-1,022	-1,337
6,600-6,799.....	84	-342	-657	-972	-1,287
6,800-6,999.....	134	-292	-607	-922	-1,237
7,000-7,199.....	184	-242	-557	-872	-1,187
7,200-7,399.....	234	-192	-507	-822	-1,137
7,400-7,599.....	284	-142	-457	-772	-1,087
7,600-7,799.....	334	-92	-407	-722	-1,037
7,800-7,999.....	384	-42	-357	-672	-987
8,000-8,199.....	434	8	-307	-622	-937
8,200-8,399.....	484	58	-257	-572	-887
8,400-8,599.....	534	108	-207	-522	-837
8,600-8,799.....	584	158	-157	-472	-787
8,800-8,999.....	634	208	-107	-422	-737
9,000-9,199.....	684	258	-57	-372	-687
9,200-9,399.....	734	308	-7	-322	-637
9,400-9,599.....	784	358	43	-272	-587
9,600-9,799.....	834	408	93	-222	-537
9,800-9,999.....	884	458	143	-172	-487
10,000-10,199.....	934	508	193	-122	-437
10,200-10,399.....	984	558	243	-72	-387
10,400-10,599.....	1,034	608	293	-22	-337
10,600-10,799.....	1,084	658	343	28	-287
10,800-10,999.....	1,134	708	393	78	-237
*1,000-11,199.....	1,184	758	443	128	-187
11,200-11,399.....	1,234	808	493	178	-137

TABLE 4.—PELL GRANT PAYMENT SCHEDULE—Continued

Single Independent Students

If tuition is:	And expected family contribution is:			
	\$5,601-5,800	\$5,801-6,000	\$6,001-6,200	\$6,201-6,400
	Then the award is:			
\$0-\$199.....	—\$3,276	—\$3,591	—\$3,906	—\$4,220
200-399.....	—3,201	—3,516	—3,831	—4,145
400-599.....	—3,151	—3,466	—3,781	—4,095
600-799.....	—3,121	—3,416	—3,731	—4,045
800-999.....	—3,051	—3,366	—3,681	—3,995
1,000-1,199.....	—3,001	—3,316	—3,631	—3,945
1,200-1,399.....	—2,951	—3,266	—3,581	—3,895
1,400-1,599.....	—2,901	—3,216	—3,531	—3,845
1,600-1,799.....	—2,851	—3,166	—3,481	—3,795
1,800-1,999.....	—2,801	—3,116	—3,431	—3,745
2,000-2,199.....	—2,751	—3,066	—3,381	—3,695
2,200-2,399.....	—2,701	—3,016	—3,331	—3,645
2,400-2,599.....	—2,651	—2,966	—3,281	—3,595
2,600-2,799.....	—2,601	—2,916	—3,231	—3,545
2,800-2,999.....	—2,551	—2,866	—3,181	—3,495
3,000-3,199.....	—2,501	—2,816	—3,131	—3,445
3,200-3,399.....	—2,451	—2,766	—3,081	—3,395
3,400-3,599.....	—2,401	—2,716	—3,031	—3,345
3,600-3,799.....	—2,351	—2,666	—2,981	—3,295
3,800-3,999.....	—2,301	—2,616	—2,931	—3,245
4,000-4,199.....	—2,251	—2,566	—2,881	—3,195
4,200-4,399.....	—2,201	—2,516	—2,831	—3,145
4,400-4,599.....	—2,151	—2,466	—2,781	—3,095
4,600-4,799.....	—2,101	—2,416	—2,731	—3,045
4,800-4,999.....	—2,051	—2,366	—2,681	—2,995
5,000-5,199.....	—2,001	—2,316	—2,631	—2,945
5,200-5,399.....	—1,951	—2,266	—2,581	—2,895
5,400-5,599.....	—1,901	—2,216	—2,531	—2,845
5,600-5,799.....	—1,851	—2,166	—2,481	—2,795
5,800-5,999.....	—1,801	—2,116	—2,431	—2,745
6,000-6,199.....	—1,751	—2,066	—2,381	—2,695
6,200-6,399.....	—1,701	—2,016	—2,331	—2,645
6,400-6,599.....	—1,651	—1,966	—2,281	—2,595
6,600-6,799.....	—1,601	—1,916	—2,231	—2,545
6,800-6,999.....	—1,551	—1,866	—2,181	—2,495
7,000-7,199.....	—1,501	—1,816	—2,131	—2,445
7,200-7,399.....	—1,451	—1,766	—2,081	—2,395
7,400-7,599.....	—1,401	—1,716	—2,031	—2,345
7,600-7,799.....	—1,351	—1,666	—1,981	—2,295
7,800-7,999.....	—1,301	—1,616	—1,931	—2,245
8,000-8,199.....	—1,251	—1,566	—1,881	—2,195
8,200-8,399.....	—1,201	—1,516	—1,831	—2,145
8,400-8,599.....	—1,151	—1,466	—1,781	—2,095
8,600-8,799.....	—1,101	—1,416	—1,731	—2,045
8,800-8,999.....	—1,051	—1,366	—1,681	—1,995
9,000-9,199.....	—1,001	—1,316	—1,631	—1,945
9,200-9,399.....	—951	—1,266	—1,581	—1,895
9,400-9,599.....	—901	—1,216	—1,531	—1,845
9,600-9,799.....	—851	—1,166	—1,481	—1,795
9,800-9,999.....	—801	—1,116	—1,431	—1,745
10,000-10,199.....	—751	—1,066	—1,381	—1,695
10,200-10,399.....	—701	—1,016	—1,331	—1,645
10,400-10,599.....	—651	—966	—1,281	—1,595
10,600-10,799.....	—601	—916	—1,231	—1,545
10,800-10,999.....	—551	—866	—1,181	—1,495
11,000-11,199.....	—501	—816	—1,131	—1,445
11,200-11,399.....	—451	—766	—1,081	—1,395

(C) *The Secretary shall publish the tables required by subparagraph (B) not later than the date on which the Secretary publishes the maximum grant amount under subparagraph (B)(ii). Such tables shall apply to Pell Grant determinations for the academic year that begins in the succeeding calendar year.*

(D) *For the purpose of this paragraph, the term "tuition" means the tuition and fees specified in subsection (l) of such section 472.*

(4) No basic grant under this subpart shall exceed the difference between the expected family contribution for a student and the cost of attendance (as defined in section [411F] 472) at the institution at which that student is in attendance. If, with respect to any student, it is determined that the amount of a basic grant plus the amount of the expected family contribution for that student exceeds the cost of attendance for that year, the amount of the basic grant shall be reduced until the combination of expected family contribution and the amount of the basic grant does not exceed the cost of attendance at such institution.

(5) No basic grant shall be awarded to a student under this subpart if the amount of that grant for that student as determined under this subsection for any academic year is less than [\$200] \$400, except that, for a student attending on a less-than-half-time basis, no basic grant shall be awarded if the amount so determined is less than \$200.

[(6) No basic grant shall be awarded under this subpart to any student who is attending on a less than half-time basis—

[(A) from funds appropriated for fiscal years before fiscal year 1989;

[(B) from funds appropriated for fiscal year 1989 or 1990, unless the expected family contribution for such student is less than or equal to zero; or

[(C) from funds appropriated for fiscal year 1991, unless the expected family contribution for such student is less than or equal to \$200.

[(7) No basic grant shall be awarded under this subpart from funds appropriated for fiscal year 1989 to students who are attending on a less than half-time basis if awarding basic grants to such students would cause basic grants to other students to be reduced pursuant to subsection (g). The provisions of this paragraph may not be waived unless enacted in express limitation of this paragraph.]

(6) No student may be awarded a basic grant for more than two and one-half academic years while attending on a less than half-time basis.

(c) PERIOD OF ELIGIBILITY FOR GRANTS.—(1) The period during which a student may receive basic grants shall be the period required for the completion of the first undergraduate baccalaureate course of study being pursued by that student at the institution at which the student is in attendance [except that—

[(A) such period may not exceed the full-time equivalent of—

[(i) 5 academic years in the case of an undergraduate degree or certificate program normally requiring 4 years or less;

[(ii) 6 academic years in the case of an undergraduate degree or certificate program normally requiring more than 4 years;

[(B) any period during which the student is enrolled in a noncredit or remedial course of study as defined in paragraph (2) shall not be counted for the purpose of subparagraph (A); and

[(C) an institution of higher education at which the student is in attendance may waive subparagraph (A) for undue hardship based on—

[(i) the death of a relative of the student;

[(ii) the personal injury or illness of the student; or

[(iii) special circumstances as determined by the institution.] *any period during which the student is enrolled in a noncredit or remedial course of study as defined in paragraph (2) shall not be counted for the purpose of this paragraph.*

(2) Nothing in this section shall exclude from eligibility courses of study which are noncredit or remedial in nature (including courses in English language instruction) which are determined by the institution to be necessary to help the student be prepared for the pursuit of a first undergraduate baccalaureate degree or certificate or, in the case of courses in English language instruction, to be necessary to enable the student to utilize already existing knowledge, training, or skills. *Nothing in this section shall exclude from eligibility programs of study abroad that are approved for credit by the institution.*

* * * * *

(f) **CALCULATION OF ELIGIBILITY.**—(1) Each contractor processing applications for awards under this subpart (including a central processor, if any, designated by the Secretary) shall, in a timely manner, furnish to the student financial aid administrator (at each institution of higher education which a student awarded a basic grant under this subpart is attending) **[an estimate of]** *as a part of its regular output document* the eligibility index for each such student. Each such student financial aid administrator shall—

(A) * * *

* * * * *

[(g) **ADJUSTMENTS FOR INSUFFICIENT APPROPRIATIONS.**—(1) If, for any fiscal year, the funds appropriated for payments under this subpart are insufficient to satisfy fully all entitlements, as calculated under subsection (b), the amount paid with respect to each entitlement shall be—

[(A) the full amount for any student whose expected family contribution is \$200 or less, or

[(B) a percentage of that entitlement, as determined in accordance with a schedule of reductions established by the Secretary for this purpose, for any student whose expected family contribution is more than \$200.

[(2) Any schedule established by the Secretary for the purpose of paragraph (1)(B) of this subsection shall contain a single linear reduction formula in which the percentage reduction increases uni-

formly as the entitlement decreases, and shall provide that if an entitlement is reduced to less than \$100, no payment shall be made.

[(h) USE OF EXCESS FUNDS.—](1) If, at the end of a fiscal year, the funds available for making payments under this subpart exceed the amount necessary to make the payments required under this subpart to eligible students by 15 percent or less, then all of the excess funds shall remain available for making payments under this subpart during the next succeeding fiscal year.

[(2) If, at the end of a fiscal year, the funds available for making payments under this subpart exceed the amount necessary to make the payments required under this subpart to eligible students by more than 15 percent, then all of such funds shall remain available for making such payments but payments may be made under this paragraph only with respect to entitlements for that fiscal year.]

(g) CONTRACTUAL RIGHT TO GRANT.—*Each student who has qualified for a grant under this section shall have a contractual right against the United States for the amount to which the student is entitled under this section.*

[(i) NONCONTRACTOR STATUS OF INSTITUTIONS] (h) TREATMENT OF INSTITUTIONS AND STUDENTS UNDER OTHER LAWS.—Any institution of higher education which enters into an agreement with the Secretary to disburse to students attending that institution the amounts those students are eligible to receive under this subpart shall not be deemed, by virtue of such agreement, a contractor maintaining a system of records to accomplish a function of the Secretary. *Recipients of Pell Grants shall not be considered to be individual grantees for purposes of part D of title V of Public Law 100-690.*

[FAMILY CONTRIBUTION SCHEDULE FOR PELL GRANTS; DATA ELEMENTS]

[SEC. 411A. (a) GENERAL RULE FOR DETERMINATION OF EXPECTED FAMILY CONTRIBUTION.—](1) The expected family contribution—

[(A) for a dependent student shall be determined in accordance with section 411B,

[(B) for an independent student with dependents other than a spouse shall be determined in accordance with section 411C, and

[(C) for a single independent student or a married independent student without other dependents shall be determined in accordance with section 411D.

[(2) The following data elements are considered in determining the expected family contribution:

[(A) the effective income of (i) the student and the student's spouse; and (ii) the student's parents, in the case of a dependent student;

[(B) the number of family members in the household;

[(C) the number of family members in the household who are enrolled, on at least a half-time basis, in a program of post-secondary education;

[(D) the assets of (i) the student and the student's spouse, and (ii) the student's parents, in the case of a dependent student;

[(E) the marital status of the student;

[(F) the unusual medical expenses of (i) the student's parents, in the case of a dependent student, or (ii) the student and the student's spouse, in the case of an independent student;

[(G) the additional expenses incurred (i) in the case of a dependent student, when both parents of the student are employed or when the family is headed by a single parent who is employed, or (ii) in the case of an independent student, when both the student and the student's spouse are employed or when the employed student qualifies as a surviving spouse or as a head of a household under section 2 of the Internal Revenue Code of 1996; and

[(H) the tuition paid (i) in the case of a dependent student, by the student's parents for dependent children, other than the student, who are enrolled in an elementary or secondary school, or (ii) in the case of an independent student, by the student or the student's spouse for dependent children who are so enrolled.

[(b) EXCLUSION OF FORCED SALE PROCEEDS.—In the computation of family contributions for the program under this subpart for any academic year, there shall be excluded from family income any proceeds of a sale of farm or business assets of that family if such sale results from a voluntary or involuntary foreclosure, forfeiture, or bankruptcy or an involuntary liquidation.

[ELIGIBILITY DETERMINATION FOR DEPENDENT STUDENTS]

[SEC. 411B. (a) COMPUTATION OF STUDENT AID INDEX.—For each dependent student, the student aid index is equal to the sum of—

[(1) the contribution from parents' income and assets, determined in accordance with subsection (b);

[(2) the contribution from student's (and spouse's) income, determined in accordance with subsection (h); and

[(3) the contribution from student's (and spouse's) assets, determined in accordance with subsection (i).

[(b) CONTRIBUTION FROM PARENTS' INCOME AND ASSETS.—The parents contribution from income and assets is equal to the amount determined by—

[(1) computing the standard contribution from parents' income, determined in accordance with subsection (c);

[(2) adding the contribution from parents' assets, determined in accordance with subsection (g); and

[(3) dividing the resultant amount by the number of family members who will be attending, on at least a half-time basis, a program of postsecondary education during the award period for which aid under this subpart is requested.

[(c) STANDARD CONTRIBUTION FROM PARENTS' INCOME.—The standard contribution from parents' income is determined by calculating the effective family income in accordance with subsection (d); by deducting the total offsets against income, as determined in

accordance with subsection (e); and by assessing the results in accordance with subsection (f).

[(d) **DETERMINATION OF EFFECTIVE FAMILY INCOME.**—The effective family income is equal to—

[(1) the sum of—

[(A) the adjusted gross income of the parents as reported to the Internal Revenue Service for the year immediately preceding the award year, and income earned from work but not reported on a Federal income tax return, less any excludable income (as defined in section 411F(9));

[(B) the total annual amount of untaxed income and benefits, received by the parents in the year immediately preceding the award year; and

[(C) one-half of the student's total veterans educational benefits, excluding Department of Veterans Affairs contributory benefits, expected to be received during the award period, minus

[(2) the sum of—

[(A) the amount of United States income tax paid or payable by the parents in the tax year preceding the award year; and

[(B) an allowance for State and other taxes, as determined by multiplying the parents' total income (as determined under paragraph (1)) by a percentage determined according to the following table:

[Percentages for Computation of State and Other Tax Allowance

If parents' State or territory of residence is—	And parents' total income is—	
	less than \$15,000	\$15,000 or more
	then the percentage is—	
Alaska, Puerto Rico, Wyoming	3	2
American Samoa, Guam, Louisiana, Nevada, Texas, Trust Territory, Virgin Islands	4	3
Florida, South Dakota, Tennessee, New Mexico	5	4
North Dakota, Washington	6	5
Alabama, Arizona, Arkansas, Indiana, Mississippi, Missouri, Montana, New Hampshire, Oklahoma, West Virginia ...	7	6
Colorado, Connecticut, Georgia, Illinois, Kansas, Kentucky ...	8	7
California, Delaware, Idaho, Iowa, Nebraska, North Carolina, Ohio, Pennsylvania, South Carolina, Utah, Vermont, Virginia, Canada, Mexico	9	8
Maine, New Jersey	10	9
District of Columbia, Hawaii, Maryland, Massachusetts, Oregon, Rhode Island	11	10
Michigan, Minnesota	12	11
Wisconsin	13	12
New York	14	13

[(e) **TOTAL OFFSETS AGAINST INCOME.**—Total offsets against income are determined by deducting—

[(1) a family size offset as determined by the following table:

[Family Size Offsets

[Family members	Amount
2.....	\$ 6,700
3.....	8,100
4.....	10,400
5.....	12,800
6.....	13,800
7 or more	13,800 plus \$1,800 for each member over 5

- [(2) an offset for unusual medical and dental expenses;
 [(3) an offset for employment expenses; and
 [(4) an offset for unreimbursed elementary and secondary school tuition and fees.**

[(f) ASSESSMENT OF DISCRETIONARY INCOME.—(1) The discretionary income that is assessed under this subsection is equal to (A) the effective family income (as determined under subsection (d)), minus (B) the total offsets to such income (as determined under subsection (e)). If such discretionary income is a negative amount, the contribution from the parents' income is zero.

[(2) If such discretionary income is a positive amount, the standard contribution from discretionary income is determined in accordance with the following chart:

Discretionary income	Expected contribution
\$0 to \$5,000.....	11% of discretionary income.
\$5,001 to \$10,000.....	\$550, plus 13% of amount over \$5,000.
\$10,001 to \$15,000.....	\$1,200, plus 18% of amount over \$10,000.
\$15,001 and above	\$2,100, plus 25% of amount over \$15,000.

[(g) CONTRIBUTION FROM PARENTS' ASSETS.—The standard contribution from parents' assets is determined in accordance with paragraphs (1) through (6):

[(1) If the parental assets include a principal place of residence, deduct \$30,000 from the net value of the principal place of residence, except that in the case of a dislocated worker (certified in accordance with title III of the Job Training Partnership Act) or a displaced homemaker (as defined in section 480(e) of this Act), the net value of a principal place of residence shall be considered to be zero. If the subtraction required by the preceding sentence of this paragraph produces a negative number, the amount determined under this paragraph shall be zero.

[(2) If the parental assets include assets other than a principal place of residence and other than farm and business assets, deduct \$25,000 from the net value of those other assets. If the subtraction required by the preceding sentence of this paragraph produces a negative number, the amount determined under this paragraph shall be zero.

[(3) If the parental assets include farm or business assets, or both, deduct \$80,000 in the case of business assets or \$100,000 in the case of farm assets from the net value of the farm or business assets, or both. If the subtraction required by the pre-

ceding sentence of this paragraph produces a negative number, the amount determined under this paragraph shall be zero.

[(4) If the sum of the farm and business deduction and the deductions in paragraphs (1) and (2) exceeds \$110,000 in the case of business deductions or \$130,000 in the case of farm deductions, the farm and business deduction shall be reduced by the amount that that sum exceeds \$110,000, or \$130,000, as the case may be.

[(5)(A) The expected contribution from parental assets equals 5 percent of the total of the amounts obtained under paragraphs (1), (2), and (3).

[(B) If the calculation of effective family income required by subsection (d) produces a negative number, the expected contribution from parental assets, calculated under this paragraph, shall be reduced by the amount of that negative effective family income. If the subtraction required by the preceding sentence of this subparagraph produces a negative number, the amount determined under this subparagraph shall be zero.

[(6)(A) If the student's parents are separated, or divorced and not remarried, only the assets of the parent whose income is included in computing annual adjusted family income shall be considered.

[(B) If that parent has remarried, or if the parent was a widow or widower who has remarried, and the parent's spouse's income also is included in computing effective family income, the assets of that parent's spouse shall also be included.

[(h) CONTRIBUTION FROM STUDENT'S (AND SPOUSE'S) INCOME.—The contribution from student's (and spouse's) income is determined by calculating the student's (and spouse's) effective income, as determined in accordance with subsection (i), by deducting the total offsets against income, as determined in accordance with subsection (j), and by assessing the results in accordance with subsection (k).

[(i) DETERMINATION OF STUDENT'S (AND SPOUSE'S) EFFECTIVE INCOME.—The effective income of the student (and spouse) is equal to—

[(1) the sum of—

[(A) the adjusted gross income of the student (and spouse) as reported to the Internal Revenue Service for the year immediately preceding the award year, or income earned from work, but not reported on a Federal income tax return, less any excludable income (as defined in section 411F(9)); and

[(B) the total annual amount of untaxed income and benefits received by the student (and spouse) in the year immediately preceding the award year; minus

[(2) the amount of United States income tax paid or payable by the student (and spouse) in the tax year preceding the award year.

[(j) TOTAL OFFSETS AGAINST STUDENT'S (AND SPOUSE'S) INCOME.—Total offsets against student's (and spouse's) income are determined by deducting—

[(1) a dependent student offset of \$3,500 or \$5,100 in the case of a dependent student with a spouse; and

[(2) if the parental discretionary income (as determined under subsection (f)) is a negative amount, the amount, if any, by which the result of the subtraction performed under subsection (g)(5) is less than zero.

[(k) ASSESSMENT OF STUDENT'S (AND SPOUSE'S) INCOME.—If the student's (and spouse's) effective income (as determined under subsection (i)) minus the total offsets (as determined under subsection (j)) is a negative amount, the contribution from student income is zero. If the student's (and spouse's) effective income is a positive amount, multiply it by 75 percent to determine the contribution from student's income.

[(l) DETERMINATION OF CONTRIBUTION FROM STUDENT'S (AND SPOUSE'S) ASSETS.—The contribution from the student's (and spouse's) assets is determined by calculating the net assets of the student (and spouse) and multiplying the amount by 33 percent, except that in the case of a student who is a dislocated worker (certified in accordance with title III of the Job Training Partnership Act) or a displaced homemaker (as defined in section 480(e) of this Act), the net value of a principal place of residence shall be considered to be zero.

[ELIGIBILITY DETERMINATION FOR INDEPENDENT STUDENTS WITH DEPENDENTS OTHER THAN A SPOUSE]

[SEC. 411C. (a) COMPUTATION OF STUDENT AID INDEX.—For independent students with dependents other than a spouse, the student aid index is equal to the amount determined by—

[(1) computing the standard contribution from student's (and spouse's) income determined in accordance with subsection (b);

[(2) adding the contribution from student's (and spouse's) assets determined in accordance with subsection (f); and

[(3) dividing the resultant amount by the number of family members who will be attending, on at least a half-time basis, a program of postsecondary education during the award period for which aid under this subpart is requested.

[(b) COMPUTING THE STANDARD CONTRIBUTION FROM STUDENT'S (AND SPOUSE'S) INCOME.—The standard contribution from the student's (and spouse's) income is determined by calculating the effective family income in accordance with subsection (c); by deducting the total offsets against income, as determined in accordance with subsection (d); and by assessing the results in accordance with subsection (e).

[(c) DETERMINATION OF EFFECTIVE FAMILY INCOME.—The effective family income is equal to—

[(1) the sum of—

[(A) the adjusted gross income of the student (and spouse) as reported to the Internal Revenue Service for the year immediately preceding the award year and income earned from work, other than amounts received under part C of this title, but not reported on a Federal income

tax return, less any excludable income (as defined in section 411F(9));

[(B) the total annual amount of untaxed income and benefits which is received by the student (and spouse) in the year immediately preceding the award year; and

[(C) one-half of the student's total veterans educational benefits, excluding Department of Veterans Affairs contributory benefits, expected to be received during the award period; minus

[(2) the sum of—

[(A) the amount of United States income tax paid or payable by the student (and spouse) in the tax year preceding the award year; and

[(B) an allowance for State and other taxes as determined by multiplying the student's (and spouse's) total income (as determined under paragraph (1)) by a percentage determined according to the following table:

【Percentages for Computation of State and Other Tax Allowance

If student's State or territory of residence is—	And student's (and spouse's) total income is—	
	less than \$15,000	\$15,000 or more
	then the percentage is—	
Alaska, Puerto Rico, Wyoming	3	2
American Samoa, Guam, Louisiana, Nevada, Texas, Trust Territory, Virgin Islands	4	3
Florida, South Dakota, Tennessee, New Mexico	5	4
North Dakota, Washington	6	5
Alabama, Arizona, Arkansas, Indiana, Mississippi, Missouri, Montana, New Hampshire, Oklahoma, West Virginia ...	7	6
Colorado, Connecticut, Georgia, Illinois, Kansas, Kentucky ...	8	7
California, Delaware, Idaho, Iowa, Nebraska, North Carolina, Ohio, Pennsylvania, South Carolina, Utah, Vermont, Virginia, Canada, Mexico	9	8
Maine, New Jersey	10	9
District of Columbia, Hawaii, Maryland, Massachusetts, Oregon, Rhode Island	11	10
Michigan, Minnesota	12	11
Wisconsin	13	12
New York	14	13

[(d) TOTAL OFFSETS AGAINST INCOME.—Total offsets against income are determined by deducting—

[(1) a family size offset equal to the amount specified in the following table:

【Family Size Offsets

【Family members	Amount
2.....	\$ 6,700
3.....	8,100
4.....	10,400

[Family Size Offsets—Continued]

[Family members]	Amount
5.....	12,300
6.....	13,800
7 or more	13,800 plus \$1,800 for each member over 6.

[(2) an offset for unusual medical and dental expenses;

[(3) in the case of a married independent student when both the student and spouse were employed in the year for which income is reported, or in the case of a student who qualifies as a head of household as defined in section 2 of the Internal Revenue Code of 1986, an offset for employment expenses; and

[(4) an offset for unreimbursed elementary and secondary school tuition and fees.

[(e) ASSESSMENT OF DISCRETIONARY INCOME.—(1) The discretionary income that is assessed under this subsection is equal to (A) the effective family income (as determined under subsection (c)), minus (B) the total offsets to such income (as determined under subsection (d)). If such discretionary income is a negative amount, the contribution from the student's (and spouse's) income is zero.

[(2) If such discretionary income is a positive amount, the standard contribution from discretionary income is determined in accordance with the following chart:

[Discretionary income]	Expected contribution
\$0 to \$5,000.....	11% of discretionary income.
\$5,001 to \$10,000.....	\$550, plus 13% of amount over \$5,000.
\$10,001 to \$15,000.....	\$1,200, plus 18% of amount over \$10,000.
\$15,001 and above	\$2,100, plus 25% of amount over \$15,000.

[(f) CONTRIBUTION FROM STUDENT'S (AND SPOUSE'S) ASSETS.—The standard contribution from student's (and spouse's) assets is determined in accordance with paragraphs (1) through (6):

[(1) If the student's (and spouse's) assets include a principal place of residence, deduct \$30,000 from the net value of the principal place of residence, except that in the case of a dislocated worker (certified in accordance with title III of the Job Training Partnership Act) or a displaced homemaker (as defined in section 480(e) of this Act, the net value of a principal place of residence shall be considered to be zero. If the subtraction required by the preceding sentence of this paragraph produces a negative number, the amount determined under this paragraph shall be zero.

[(2) If the student's (and spouse's) assets include assets other than a principal place of residence and other than farm and business assets, deduct \$25,000 from the net value of those other assets. If the subtraction required by the preceding sentence of this paragraph produces a negative number, the amount determined under this paragraph shall be zero.

[(3) If the student's (and spouse's) assets include farm or business assets, or both, deduct \$80,000 in the case of business

assets or \$100,000 in the case of farm assets from the net value of the farm or business assets, or both. If the subtraction required by the preceding sentence of this paragraph produces a negative number, the amount determined under this paragraph shall be zero.

[(4) If the sum of the farm and business deduction and the deductions in paragraphs (1) and (2) exceeds \$110,000 in the case of business deductions or \$130,000 in the case of farm deductions, the farm and business deduction shall be reduced by the amount that that sum exceeds \$110,000, or \$130,000, as the case may be.

[(5)(A) The expected contribution for student's (and spouse's) assets equals 5 percent of the total of the amounts obtained under paragraphs (1), (2), and (3).

[(B) If the assessment of discretionary income under subsection (e) produces a negative number, the expected contribution from student's (and spouse's) assets, calculated under this paragraph, shall be reduced by the amount of that negative effective family income.¹ If the subtraction required by the preceding sentence of this subparagraph produces a negative number, the amount determined under this subparagraph shall be zero.

[(6) If the married independent student with dependents is separated or divorced, only assets of the independent student shall be considered.

[ELIGIBILITY DETERMINATION FOR SINGLE INDEPENDENT STUDENTS OR FOR MARIED INDEPENDENT STUDENTS WITHOUT OTHER DEPENDENTS]

[SEC. 411D. (a) COMPUTATION OF STUDENT AID INDEX.—For single independent students or married independent students without other dependents, the student aid index is equal to the amount determined by—

[(1) computing the standard contribution from student's (and spouse's) income determined in accordance with subsection (b);

[(2) adding contribution from student's (and spouse's) assets determined in accordance with subsection (f); and

[(3) dividing the resultant amount by the number of family members who will be attending, on at least a half-time basis, a program of postsecondary education during the award period for which aid under this subpart is requested.

[(b) COMPUTING THE STANDARD CONTRIBUTION FROM STUDENT'S (AND SPOUSE'S) INCOME.—The standard contribution from the student's (and spouse's) income is determined by calculating the effective family income in accordance with subsection (c); by deducting the total offsets against income, as determined in accordance with subsection (d); and by assessing the results in accordance with subsection (e).

[(c) DETERMINATION OF EFFECTIVE FAMILY INCOME.—The effective family income is equal to—

[(1) the sum of—

[(A) the adjusted gross income of the student (and spouse) as reported to the Internal Revenue Service for the year immediately preceding the award year and income

earned from work, other than amounts received under part C of this title, but not reported on a Federal income tax return, less any excludable income (as defined in section 411F(9));

[(B) the total annual amount of untaxed income and benefits which is received by the student (and spouse) in the year immediately preceding the award year; and

[(C) one-half of the student's total veterans educational benefits, excluding Department of Veterans Affairs contributory benefits, expected to be received during the award period; minus

[(2) the sum of—

[(A) the amount of United States income tax paid or payable by the student (and spouse) in the tax year preceding the award year; and

[(B) an allowance for State and other taxes as determined by multiplying the student's (and spouse's) total income (as determined under paragraph (1)), by a percentage determined according to the following table:

Percentages for Computation of State and Other Tax Allowance

If student's State or territory of residence is—	And student's (and spouse's) total income is—	
	less than \$15,000	\$15,000 or more
	then the percentage, is —	
Alaska, Puerto Rico, Wyoming	3	2
American Samoa, Guam, Louisiana, Nevada, Texas, Trust Territory, Virgin Islands	4	3
Florida, South Dakota, Tennessee, New Mexico	5	4
North Dakota, Washington	6	5
Alabama, Arizona, Arkansas, Indiana, Mississippi, Missouri, Montana, New Hampshire, Oklahoma, West Virginia ...	7	6
Colorado, Connecticut, Georgia, Illinois, Kansas, Kentucky ...	8	7
California, Delaware, Idaho, Iowa, Nebraska, North Carolina, Ohio, Pennsylvania, South Carolina, Utah, Vermont, Virginia, Canada, Mexico	9	8
Maine, New Jersey	10	9
District of Columbia, Hawaii, Maryland, Massachusetts, Oregon, Rhode Island	11	10
Michigan, Minnesota	12	11
Wisconsin	13	12
New York	14	13

[(d) **TOTAL OFFSETS AGAINST INCOME.**—Total offsets against income and determined by deducting—

[(1) a family size offset equal to the amount specified in the following table:

Family Size Offsets

	Family members	Amount
1		\$5,300
2		6,700

[(2) an offset for unusual medical and dental expenses; and
 [(3) in the case of a married independent student when both the student and spouse were employed in the year for which income is reported, or in the case of a student who qualifies as a head of household as defined in section 2 of the Internal Revenue Code of 1986, an offset for employment expenses.

[(e) ASSESSMENT OF DISCRETIONARY INCOME.—(1) The discretionary income that is assessed under this subsection is equal to (A) the effective family income (as determined under subsection (c)), minus (B) the total offsets to such income (as determined under subsection (d)). If such discretionary income is a negative amount, the contribution from the student's (and spouse's) income is zero.

[(2) If such discretionary income is a positive amount, the standard contribution from student's (and spouse's) income is multiplied by 75 percent.

[(f) CONTRIBUTION FROM STUDENT'S (AND SPOUSE'S) ASSETS.—(1) The asset contribution amount of an independent student and the student's spouse is equal to 5 percent of the sum of the amounts computed under paragraphs (3) and (4), reduced by the amount, if any, by which effective family income¹ as computed under subsection (c) is less than zero. If the result of such subtraction is a negative amount, the family asset contribution amount is zero.

[(2) The family asset contribution amount of a single independent student is equal to 33 percent of such student's net asset value, reduced by the amount, if any, by which effective family income as computed under subsection (c) is less than zero. If such value minus such amount is a negative amount, the family asset contribution amount is zero.

[(3) If the assets of an independent student with a spouse include a principal place of residence, deduct \$30,000 from the net value of the principal place of residence, except that in the case of a dislocated worker (certified in accordance with title III of the Job Training Partnership Act) or a displaced homemaker (as defined in section 480(e) of this Act), the net value of a principal place of residence shall be considered to be zero. If the subtraction required by the preceding sentence of this paragraph produces a negative number, the amount determined under this paragraph shall be zero.

[(4)(A) If the assets of an independent student with a spouse include assets other than a principal place of residence and other than farm and business assets, deduct \$25,000 from the net value of those other assets. If the subtraction required by the preceding sentence of this subparagraph produces a negative number, the amount determined under this subparagraph shall be zero.

[(B)(i) If the assets of an independent student with a spouse include farm or business assets, or both, deduct \$80,000 in the case of business assets or \$100,000 in the case of farm assets from the net

value of the farm or business assets, or both. If the subtraction required by the preceding sentence of this subparagraph produces a negative number, the amount determined under this subparagraph shall be zero.

[(ii) If the sum of the farm and business deduction and the deductions in paragraphs (3) and (4)(A) exceeds \$110,000 in the case of business deductions or \$130,000 in the case of farm deductions, the farm and business deduction shall be reduced by the amount that that sum exceeds \$110,000, or \$130,000, as the case may be.

[REGULATIONS; UPDATED TABLES]

[SEC. 411E. (a) AUTHORITY TO PRESCRIBE REGULATIONS RESTRICTED.—(1) Notwithstanding any other provision of law, the Secretary shall not have the authority to prescribe regulations to carry out this subpart except—

[(A) to prescribe updated tables under sections 411B through 411D; or

[(B) to propose modifications in the need analysis methodology required by this subpart.

[(2) Any regulation proposed by the Secretary that (A) updates tables in a manner that does not comply with subsection (b), or (B) that proposes modifications under paragraph (1)(B) of this subsection, shall not be effective unless approved by joint resolution of the Congress by May 1 following the date such regulations are published in the Federal Register in accordance with section 482. If the Congress fails to approve such regulations by such May 1, the Secretary shall publish in the Federal Register in accordance with section 482 updated tables for the applicable award year that are prescribed in accordance with subsection (b) of this section.

[(b) PROVISIONS GOVERNING UPDATED TABLES.—(1)(A) Each of the amounts allowed as an offset for family size for dependent and independent students shall, for each academic year after academic year 1988–1989, be adjusted by the Secretary by increasing (or decreasing) the comparable amount for the preceding academic year by a percentage equal to the percentage increase (or decrease) in the Consumer Price Index for Wage Earners and Clerical Workers published by the Department of Labor, and rounded to the nearest \$100.

[(B) The Secretary shall publish in the Federal Register a revised table for an offset for family size in accordance with section 482.

[(2)(A) The Secretary shall, for each academic year after academic year 1988–1989, publish in the Federal Register such revisions in offsets against income, asset determination, and assessment rates as are necessary to reflect the most recent and relevant data.

[(B) The Secretary shall publish in the Federal Register the revised determinations required by subparagraph (A) in accordance with section 482.

[DEFINITIONS; DETERMINATIONS]

[SEC. 411F. For the purpose of this subpart—

[(1) The term "annual adjusted family income" means the sum received in the year immediately preceding the award year, by the student's parents (in the case of a dependent student), or by the student and, if applicable, the student's spouse (in the case of an independent student), except excludable income under paragraph (9) of this subsection, from the following sources subject to the following rules:

[(A) Adjusted gross income, as defined in section 62 of the Internal Revenue Code of 1986.

[(B) Untaxed income and benefits, as defined in paragraph (15) of this section.

[(C) Income from one-half of any veteran's benefits expected to be paid to the student during the award period under chapters 34 and 35 of title 38 of the United States Code.

[(D) Income for a student whose parents are divorced or separated is determined under the following procedures:

[(i) Include only the income of the parent with whom the student resided for the greater portion of the 12-month period preceding the date of the application.

[(ii) If the preceding criterion does not apply, include only the income of the parent who provided the greater portion of the student's support for the 12-month period preceding the date of application.

[(iii) If neither of the preceding criteria apply, include only the income of the parent who provided the greater support during the most recent calendar year for which parental support was provided.

[(E) Income in the case of the death of any parent as follows:

[(i) If either of the parents have died, the student shall include only the income of the surviving parent.

[(ii) If both parents have died, the student shall not report any parental income.

[(F) Income in the case of a parent whose income is taken into account under subparagraph (D) of this paragraph, or a parent who is a widow or widower and whose income is taken into account under clause (i) of this subparagraph, has remarried, under the following rule: The income of that parent's spouse shall be included in determining the student's annual adjusted family income if—

[(i) the student's parent and the stepparent are married as of the date of application for the award year concerned; and

[(ii) the student is not an independent student.

[(G)(i) Income in the case of a dislocated worker shall be the income for the year for which the determination is made.

[(ii) For the purpose of this subparagraph, a dislocated worker is a worker identified pursuant to title III of the Job Training Partnership Act.

[(2) The term "assets" means cash on hand, including amount in checking and savings accounts, time deposits,

money market funds, trusts, stocks, bonds, other securities, mutual funds, tax shelters, and the net value of real estate, income producing property, and business and farm assets.

[(3) The term "award year" is the period of time between July 1 of the first year and June 30 of the following year.

[(4) The term "business assets" means property that is used in the operation of a trade or business, including real estate, inventories, buildings, machinery, and other equipment, patents, franchise rights, and copyrights.

[(5) The term "cost of attendance" means—

[(A) the tuition and uniform compulsory fees normally charged a full-time student at the institution at which the student is in attendance for any award year, plus

[(B)(i) an allowance for room and board costs, books, supplies, transportation, and miscellaneous expenses incurred by the student which shall not exceed \$1,700 for a student without dependents residing at home with parents;

[(ii) an allowance for room and board costs, books, supplies, transportation, and miscellaneous expenses incurred by the student which shall not exceed \$2,300 for all other students, subject to clause (iii);

[(iii) an allowance for only books, supplies, and transportation (as determined by the institution) and dependent care expenses (in accordance with clause (iv)) for less than half-time students (as determined by the institution);

[(iv) an allowance for child care which shall not exceed \$1,000; and

[(v) an allowance for the costs of special services and equipment required for attendance by the handicapped that are not provided by other assisting agencies;

except that, if the maximum award under this subpart is less than or greater than \$2,300, then the dollar amounts specified in clauses (i) and (ii) of subparagraph (B) of this paragraph shall be increased or decreased by an amount equal to the amount by which such maximum award is greater than or less than \$2,300, respectively.

[(6) Except as otherwise provided, the term (A) "dependent of the student" means the student's spouse, the student's dependent children, and other persons who live with and receive more than one-half of their support from the student and will continue to receive more than half of their support from the student during the award year; and (B) the term "dependent of the parent" means the parents of the student, the student, any of the student's dependent children, dependent children of the student's parents, including those children who are deemed to be dependent students when applying for aid under this title, and other persons who live with and receive more than one-half of their support from the parents and will continue to receive more than half of their support from the parents during the award year.

[(7) Effective family income shall be determined on the basis of the annual adjusted family income minus the Federal taxes and imputed State and other taxes paid or payable for the year

that adjusted gross income is used in the calculation of the student's Pell Grant.

[(8)(A) The employment expense offset is determined as follows:

[(i) If both parents were employed in the year for which their income is reported and both have their incomes reported in determining the expected family contribution, such offset is equal to the lesser of \$1,500 or 50 percent of the earned income (income earned by work) of the parent with the lesser earned income.

[(ii) If a parent qualifies as a head of household as defined in section 2 of the Internal Revenue Code of 1986, such offset is equal to the lesser of \$1,500 or 50 percent of the parent's earned income.

[(B) The employment expense offset in the case of an independent student with dependents is determined as follows:

[(i) If both the student and the student's spouse were employed in the year for which their income is reported and both have their incomes reported in determining the expected family contribution, such offset is equal to the lesser of \$1,500 or 50 percent of the earned income (income earned by work) of the spouse with the lesser earned income.

[(ii) If a student qualifies as a head of household as defined in section 2 of the Internal Revenue Code of 1986, such offset is equal to the lesser of \$1,500 or 50 percent of the student's earned income.

[(9)(A) The term "excludable income" means the income described in subparagraphs (B) through (E) of this paragraph which is excluded for the purpose of determining "annual adjusted family income" under paragraph (1).

[(B) For a Native American Student, the annual adjusted family income does not include any income and assets of \$2,000 or less per individual payment received by the student (and spouse) and student's parents under the Per Capita Act or the Distribution of Judgment Funds Act or any income received by the student (and spouse) and student's parents under the Alaska Native Claims Settlement Act or the Maine Indians Claims Settlement Act.

[(C) In the case of a student who is divorced or separated, or whose spouse has died, the spouse's income shall not be considered in determining the effective family income.

[(D) the annual adjusted family income does not include any student financial assistance (including any income earned from work under part C of this title) except veterans' or Social Security benefits set forth in paragraph (15) of this subsection.

[(E) Annual adjusted family income does not include any unemployment compensation received by a dislocated worker certified in accordance with title III of the Job Training Partnership Act.

[(F) Annual adjusted family income does not include any living allowance received by a participant in programs established under the National and Community Service Act of 1990.

[(10)(A) In determining family size in the case of a dependent student—

[(i) if the parents are not divorced or separated, family members include the student's parents, and the dependents of the student's parents including the student;

[(ii) if the parents are divorced or separated, family members include the parent whose income is included in computing the effective family income and that parent's dependents, including the student; and

[(iii) if the parents are divorced and the parent whose income is so included is remarried, or if the parent was a widow or widower who has remarried, family members also include, in addition to those individuals referred to in subparagraph (B), the new spouse and any dependents of the new spouse if that spouse's income is included in determining effective family income.

[(B) In determining family size in the case of an independent student with dependents—

[(i) family members include the student, the student's spouse, and the student's dependents; and

[(ii) if the student is divorced or separated, family members do not include the spouse (or ex-spouse), but do include the student and the student's dependents.

[(11) The term "farm assets" means any property owned and used in the operation of a farm for profit, including real estate, livestock, livestock products, crops, farm machinery, and other equipment inventories. A farm is not considered to be operated for profit if crops of livestock are raised mainly for the use of the family, even if some income is derived from incidental sales.

[(12)(A) the term "independent", when used with respect to a student, means any individual who—

[(i) is 24 years of age or older by December 31 of the award year; or

[(ii) meets the requirements of subparagraph (B).

[(B) Except as provided in subparagraph (C), an individual meets the requirements of this subparagraph if such individual

[(i) is an orphan or ward of the court;

[(ii) is a veteran of the Armed Forces of the United States;

[(iii) is a graduate or professional student who declares that he or she will not be claimed as a dependent for income tax purposes by his or her parents (or guardian) for the first calendar year of the award year;

[(iv) is a married individual who declares that he or she will not be claimed as a dependent for income tax purposes by his or her parents (or guardian) for the first calendar year of the award year;

[(v) has legal dependents other than a spouse;

[(vi) is a single undergraduate student with no dependents who was not claimed as a dependent by his or her parents (or guardian) for income tax purposes for the 2 calendar years preceding the award year and demonstrates to the student financial aid administrator total self-sufficien-

cy during the 2 calendar years preceding the award year in which the initial award will be granted by demonstrating annual total resources (including all sources of resources other than parents and living allowances received as a result of participation in a program established under the National and Community Service Act of 1990) of \$4,000; or

[(vii) is a student for whom a financial aid administrator makes a documented determination of independence by reason of other unusual circumstances.

[(C) An individual may not be treated as an independent student pursuant to clauses (iii), (iv), and (vi) of subparagraph (B) if the financial aid administrator determines that such individual was treated as an independent student during the preceding award year, but was claimed as a dependent by any other individual (other than a spouse) for income tax purposes for the first calendar year of such award year.

[(D) The financial aid administrator may certify an individual described in clause (iii), (iv), or (vi) of subparagraph (B) on the basis of a demonstration made by the individual, but no disbursement of an award may be made without documentation.

[(13) The term "net assets" means the current market value at the time of application of the assets included in the definition of "assets", minus the outstanding liabilities (indebtedness) against the assets.

[(14) The term "unreimbursed elementary and secondary school tuition and fees" means the unreimbursed tuition and fees paid by the student's parents for each dependent other than the student, or by an independent student (and spouse) for dependents enrolled in elementary or secondary school, and may not exceed for each such dependent the national average per pupil instructional cost as published by the Center for Education Statistics using the most recent available data.

[(15) The term "untaxed income and benefits" means—

[(A) child support received;

[(B) welfare benefits, including aid to families with dependent children under a State plan approved under part A of title IV of the Social Security Act and aid to dependent children;

[(C) workman's compensation;

[(D) veterans' benefits such as death pension, dependency and indemnity compensation, but excluding veterans' education benefits;

[(E) interest on tax-free bonds;

[(F) housing, food, and other allowances (excluding rent subsidies for low-income housing) for military, clergy, and others (including cash payments and cash value of benefits);

[(G) cash support or any money paid on the student's behalf;

[(H) the amount of earned income credit claimed for Federal income tax purposes;

[(I) untaxed portion of pensions;

[(J) credit for Federal tax on special fuels;

[(K) the amount of foreign income excluded for purposes of Federal income taxes;

[(L) untaxed social security benefits;

[(M) payments to individual retirement accounts and Keogh accounts excluded from income for Federal income tax purposes; and

[(N) any other untaxed income and benefits, such as Black Lung Benefits, Refugee Assistance, railroad retirement benefits, Job Training Partnership Act noneducational benefits.

[(16)(A) The term "unusual medical and dental expenses" means an amount equal to the amount by which the sum of unreimbursed medical and dental expenses exceeds 20 percent of the effective family income of the parents. The expenses of both parents are included only if the income of both parents is included in determining effective family income. A stepparent's expenses are included only if the parent's income is included in determining effective family income.

[(B) The term "unusual medical and dental expenses" in the case of an independent student with dependents, means an amount equal to the amount by which the sum of unreimbursed medical and dental expenses exceeds 20 percent of the effective family income of the independent student with dependents. The expenses of both the student and the student's spouse are included only if the incomes of both are included in determining effective family income.

[(17)(A) The tax on income paid to the Governments of the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, or the Northern Mariana Islands, or the Trust Territory of the Pacific Islands under the laws applicable to those jurisdictions, or the comparable tax paid to the central government of a foreign country, shall be treated as United States income taxes.

[(B) References in this subpart to the Internal Revenue Code of 1986, Federal income tax forms, and the internal Revenue Service shall, for purposes of the tax described in subparagraph (A), be treated as references to the corresponding laws, tax forms, and tax collection agencies of those jurisdictions, respectively, subject to such adjustments as the Secretary may prescribe by regulation.]

[SUBPART 2—SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS]

SUBPART 3—FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS

PURPOSE; APPROPRIATIONS AUTHORIZED

SEC. 413A. (a) * * *

[(b) **AUTHORIZATION OF APPROPRIATIONS.**—(1) For the purpose of enabling the Secretary to make payments to institutions of higher education which have made agreements with the Secretary in accordance with section 413C(a), for use by such institutions for payments to undergraduate students of supplemental grants awarded to them under this subpart, there are authorized to be appropri-

ated \$490,000,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

[(2) Sums appropriated pursuant to this subsection for any fiscal year shall be available for payments to institutions until the end of the second fiscal year succeeding the fiscal year for which they were appropriated.]

(b) *AUTHORIZATION OF APPROPRIATIONS.*—(1) *For the purpose of enabling the Secretary to make payments to institutions of higher education which have made agreements with the Secretary in accordance with section 413C(a), for use by such institutions for payments to undergraduate students of supplemental grants awarded to them under this subpart, there are authorized to be appropriated \$700,000,000 for fiscal year 1993 and such sums as may be necessary for the 4 succeeding fiscal years.*

(2) *Sums appropriated pursuant to this subsection for any fiscal year shall be available for payments to institutions until the end of the second fiscal year succeeding the fiscal year for which they were appropriated.*

AMOUNT AND DURATION OF GRANTS

SEC. 413B. (a) *AMOUNT OF GRANT.*—(1) *From the funds received by it for such purpose under this subpart, an institution which awards a supplemental grant to a student for an academic year under this subpart shall, for each year, pay to that student an amount not to exceed the lesser of (A) the amount determined by the institution, in accordance with the provisions of part F of this title, to be needed by that student to enable the student to pursue a course of study at the institution or in a program of study abroad that is approved for credit by the institution, or (B) \$4,000.*

AGREEMENTS WITH INSTITUTIONS; SELECTION OF RECIPIENTS

SEC. 413C. (a) *INSTITUTIONAL ELIGIBILITY.*—*Assistance may be made available under this subpart only to an institution which—*

(1) * * *

[(2) *agrees that the Federal share of awards under this subpart will not exceed—*

[(A) 95 percent of such awards in fiscal year 1989,

[(B) 90 percent of such awards in fiscal year 1990, and

[(C) 85 percent of such awards in fiscal year 1991,

except that the Federal share may be exceeded if the Secretary determines, pursuant to regulations establishing objective criteria for such determinations, that a larger Federal share is required to further the purpose of this subpart; and]

(2) *agrees that the Federal share of awards under this subpart will not exceed 75 percent, except that the Federal share may be exceeded if the Secretary determines, pursuant to regulations establishing objective criteria for such determinations, that a larger Federal share is required to further the purpose of this subpart; and*

(c) SELECTION OF INDIVIDUALS AND DETERMINATION OF AMOUNT OF AWARDS.—(1) * * *

[(2)(A) In carrying out paragraph (1) of this subsection, each institution of higher education shall, in the agreement made under section 487, assure that the selection procedures—

[(i) will be designed to award supplemental grants under this subpart, first, to students with exceptional need, and

[(ii) will give a priority for supplemental grants under this subpart to students who receive Pell Grants and meet the requirements of section 484.

[(B) For the purpose of subparagraph (A), the term “students with exceptional need” means students with the lowest expected family contributions at the institution.]

(2)(A) In carrying out paragraph (1) of this subsection, each institution of higher education shall, in the agreement made under section 487, assure that the selection procedures will be designed to award supplemental grants under this subpart, first, to students with exceptional need.

(B) For the purpose of subparagraph (A), the term “student's with exceptional need” means students with the greatest financial need as determined under part F of this title.

[(d) USE OF FUNDS FOR LESS-THAN-FULL-TIME STUDENTS.—If the institution's allocation under this subpart is directly or indirectly based in part on the financial need demonstrated by students attending the institution less than full time, a reasonable proportion of the institution's allocation shall be made available to such students.]

(d) USE OF FUNDS TO NONTRADITIONAL STUDENTS.—If the institution's allocation under this subpart is directly or indirectly based in part on the financial need demonstrated by students who are (1) attending the institution less than full time, (2) age 24 or older, (3) single parents, or (4) independent students, a reasonable proportion of the institution's allocation shall be made available to such students.

(e) USE AND TRANSFER OF FUNDS FOR ADMINISTRATIVE EXPENSES.—An agreement entered into pursuant to this section shall provide that funds granted to an institution of higher education may be used only to make payments to students participating in a grant program authorized under this subpart, except that an institution may use a portion of the sums allocated to it under this subpart to meet administrative expenses in accordance with section 489 of this title[, and may transfer such funds in accordance with the provisions of section 488].

ALLOCATION OF FUNDS

SEC. 413D. (a) * * *

* * * * *

(e) REALLOCATION OF EXCESS ALLOCATIONS.—(1) If an institution returns to the Secretary any portion of the sums allocated to such institution under this section for any fiscal year the Secretary

shall, in accordance with regulations, reallocate such excess to other institutions.

(2) If under paragraph (1) of this subsection an institution returns more than 10 percent of its allocation, the institution's allocation for the next fiscal year shall be reduced by the amount returned. The Secretary may waive this paragraph for a specific institution if the Secretary finds that enforcing it would be contrary to the interest of the program.

**SUBPART [3] 4—GRANTS TO STATES FOR STATE STUDENT INCENTIVES
PURPOSE; APPROPRIATIONS AUTHORIZED**

SEC. 415A. (a) PURPOSE OF SUBPART.—It is the purpose of this subpart to make incentive grants available to the States to assist them in providing grants (1) to eligible students attending institutions of higher education [and grants] or participating in programs of study abroad that are approved for credit by the institution of higher education; or (2) to eligible students for campus-based community service work learning study.

[(b) AUTHORIZATION OF APPROPRIATIONS; AVAILABILITY.]—(1) There are authorized to be appropriated \$85,000,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

[(2) Sums appropriated pursuant to paragraph (1) for any fiscal year shall remain available for payments to States under this subpart until the end of the fiscal year succeeding the fiscal year for which such sums were appropriated.]

(b) AUTHORIZATION OF APPROPRIATIONS; AVAILABILITY.—(1) There are authorized to be appropriated \$125,000,000 for fiscal year 1993, and such sums as may be necessary for the 4 succeeding fiscal years.

(2) Sums appropriated pursuant to paragraph (1) for any fiscal year shall remain available for payments to States under this subpart until the end of the fiscal year succeeding the fiscal year for which such sums were appropriated.

APPLICATIONS FOR STATE STUDENT INCENTIVE GRANT PROGRAMS

SEC. 415C. (a) * * *

(b) PAYMENT OF FEDERAL SHARE OF GRANTS MADE BY QUALIFIED PROGRAM.—From a State's allotment under this subpart for any fiscal year the Secretary is authorized to make payments to such State for paying up to 50 percent of the amount of student grants pursuant to a State program which—

- (1) is administered by a single State agency;
- (2) provides that such grants will be in amounts not in excess of **[\$2,500] \$5,000** per academic year (A) for attendance on a fulltime basis at an institution of higher education, and (B) for campus-based community service work learning study jobs;

[(7) provides that, if the institution's allocation under this subpart is based in part on the financial need demonstrated by

students attending the institution less than full time, a reasonable proportion of the institution's allocation shall be made available to such students;

[(8)] (7) provides for State expenditures under such program of an amount not less than the average annual aggregate expenditures for the preceding three fiscal years or the average annual expenditure per full-time equivalent student for such years, *except that for years in which more than \$75,000,000 is appropriated, States shall receive more than that amount designated in section 415B only if total State appropriations for all need-based grants exceed the prior 3 years' average of the State's appropriations for all need based grants;*

[(9)] (8) provides (A) for such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of and accounting for Federal funds paid to the State agency under this subpart, and (B) for the making of such reports, in such form and containing such information, as may be reasonably necessary to enable the Secretary to perform his functions under this subpart; and

[(10)] (9) for any academic year beginning after June 30, 1987, provides the non-Federal share of the amount of student grants or work-study jobs under this subpart through a direct appropriation of State funds for the program under this subpart.

* * * * *

[SUBPART 4—SPECIAL PROGRAMS FOR STUDENTS FROM DISADVANTAGED BACKGROUNDS

[PROGRAM AUTHORITY; AUTHORIZATION OF APPROPRIATIONS

[SEC. 417A. (a) GRANTS AND CONTRACTS AUTHORIZED.—The Secretary shall, in accordance with the provisions of this subpart, carry out a program of making grants and contracts designed to identify qualified individuals from disadvantaged backgrounds, to prepare them for a program of postsecondary education, to provide support services for such students who are pursuing programs of postsecondary education, and to train individuals serving or preparing for service in programs and projects so designed.

[(b) ELIGIBLE GRANT AND CONTRACT RECIPIENTS.—(1) For the purposes described in subsection (a), the Secretary is authorized, without regard to section 3709 of the Revised Statutes (41 U.S.C. 5), to make grants to, and contracts with, institutions of higher education, public and private agencies and organizations, and, in exceptional circumstances, secondary schools for planning, developing, or carrying out one or more of the services assisted under this subpart.

[(2) In making grants and contracts under this subpart, the Secretary shall consider the prior experience of service delivery under the particular program for which funds are sought by each applicant. For fiscal years after 1985, the level of consideration given to prior experience shall not vary from the level of consideration given this factor for fiscal year 1985.

[(c) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of making grants and contracts under this subpart, there are authorized to be appropriated \$205,000,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

[(d) DEFINITIONS.—For the purpose of this subpart—

[(1) the term “first generation college student” means—

[(A) an individual both of whose parents did not complete a baccalaureate degree; or

[(B) in the case of any individual who regularly resided with and received support from only one parent, an individual whose only such parent did not complete a baccalaureate degree;

[(2) the term “low-income individual” means an individual from a family whose taxable income for the preceding year did not exceed 150 percent of an amount equal to the poverty level determined by using criteria of poverty established by the Bureau of the Census; and

[(3) no veteran shall be deemed ineligible to participate in any program under this subpart by reason of such individual's age who—

[(A) served on active duty for a period of more than 180 days, any part of which occurred after January 31, 1955, and was discharged or released therefrom under conditions other than dishonorable; or

[(B) served on active duty after January 31, 1955, and was discharged or released therefrom because of a service connected disability.

[(TALENT SEARCH

[(SEC. 417B. (a) PROGRAM AUTHORITY.—The Secretary shall carry out a program to be known as talent search which shall be designed—

[(1) to identify qualified youths with potential for education at the postsecondary level and to encourage such youths to complete secondary school and to undertake a program of postsecondary education;

[(2) to publicize the availability of student financial assistance available to persons who pursue a program of postsecondary education; and

[(3) to encourage persons who have not completed programs of education at the secondary or postsecondary level, but who have the ability to complete such programs, to reenter such programs.

[(b) TUTORIAL SERVICES.—A talent search project assisted under this subpart may include, in addition to the services described in paragraphs (1), (2), and (3) of subsection (a), tutorial services for youths being encouraged to undertake or reenter programs of postsecondary education if such tutorial services are not otherwise available to such youths through a project assisted under this subpart.

[(c) REQUIREMENTS FOR APPROVAL OF APPLICATIONS.—In approving applications for talent search projects under this subpart for any fiscal year the Secretary shall—

[(1) require an assurance that not less than two-thirds of the youths participating in the project proposed to be carried out under any application be low-income individuals who are first generation college students;

[(2) require that such participants be persons who either have completed 6 years of elementary education or are at least 12 years of age but not more than 27 years of age, unless the imposition of any such limitation with respect to any person would defeat the purposes of this section or the purposes of section 417E;

[(3) require an assurance that individuals participating in the project proposed in the application do not have access to services from another project funded under this section or under section 417E; and

[(4) require assurances that the project will be located in a setting accessible to the persons proposed to be served by the project.

UPWARD BOUND

[SEC. 417C. (a) PROGRAM AUTHORITY.—The Secretary shall carry out a program to be known as upward bound which shall be designed to generate skills and motivation necessary for success in education beyond high school.

[(b) PERMISSIBLE SERVICES.—Any upward bound project assisted under the subpart may provide services such as—

[(1) instruction in reading, writing, study skills, mathematics, and other subjects necessary for success beyond high school;

[(2) personal counseling;

[(3) academic advice and assistance in high school course selection;

[(4) tutorial services;

[(5) exposure to cultural events, academic programs, and other activities not usually available to disadvantaged youth;

[(6) activities designed to acquaint youths participating in the project with the range of career options available to them;

[(7) instruction designed to prepare youths participating in the project for careers in which persons from disadvantaged backgrounds are particularly underrepresented;

[(8) on-campus residential programs; and

[(9) programs and activities as described in paragraphs (1) through (8) which are specially designed for students of limited English proficiency.

[(c) REQUIREMENTS FOR APPROVAL OF APPLICATIONS.—In approving applications for upward bound projects under this subpart for any fiscal year the Secretary shall—

[(1) require an assurance that not less than two-thirds of the youths participating in the project proposed to be carried out under any application be low-income individuals who are first generation college students;

[(2) require an assurance that the remaining youths participating in the project proposed to be carried out under any ap-

plication be either low-income individuals or be first generation college students;

[(3) require that there be a determination by the institution, with respect to each participant in such project, that the participant has a need for academic support in order to pursue successfully a program of education beyond high school; and

[(4) require that such participants be persons who have completed 8 years of elementary education and are at least 13 years of age but not more than 19 years of age, unless the imposition of any such limitation would defeat the purposes of this section.

[(d) MAXIMUM STIPENDS.—Youths participating in a project proposed to be carried out under any application may be paid stipends not in excess of \$60 per month during June, July, and August, and not in excess of \$40 per month during the remaining period of the year.

[STUDENT SUPPORT SERVICES

[SEC. 417D. (a) PROGRAM AUTHORITY.—The Secretary shall carry out a program to be known as student support services (hereinafter referred to as “student support services”).

[(b) PERMISSIBLE SERVICES.—A support services project assisted under this subpart may provide services such as—

[(1) instruction in reading, writing, study skills, mathematics, and other subjects necessary for success beyond high school;

[(2) personal counseling;

[(3) academic advice and assistance in course selection;

[(4) tutorial services and counseling and peer counseling;

[(5) exposure to cultural events and academic programs not usually available to disadvantaged students;

[(6) activities designed to acquaint students participating in the project with the range of career options available to them;

[(7) activities designed to assist students participating in the project in securing admission and financial assistance for enrollment in graduate and professional programs;

[(8) activities designed to assist students currently enrolled in 2-year institutions in securing admission and financial assistance for enrollment in a four-year program of postsecondary education; and

[(9) programs and activities as described in paragraphs (1) through (8) which are specially designed for students of limited English proficiency.

[(c) REQUIREMENTS FOR APPROVAL OF APPLICATIONS.—In approving applications for support services projects under this subpart for any fiscal year the Secretary shall—

[(1) require an assurance that not less than two-thirds of the persons participating in the project proposed to be carried out under any application—

[(A) be physically handicapped, or

[(B) be low-income individuals who are first generation college students;

[(2) require an assurance that the remaining students participating in the project proposed to be carried out under any application either be low-income individuals, first generation college students, or physically handicapped;

[(3) require that there be a determination by the institution, with respect to each participant in such project, that the participant has a need for academic support in order to pursue successfully a program of education beyond high school;

[(4) require that such participants be enrolled or accepted for enrollment at the institution which is the recipient of the grant or contract; and

[(5) require an assurance from the institution which is the recipient of the grant or contract that each student enrolled in the project will receive sufficient financial assistance to meet that student's full financial need.

[(d) POST-BACCALAUREATE ACHIEVEMENT PROGRAM AUTHORITY.—

(1) The Secretary shall carry out a program to be known as the "Ronald E. McNair Post-Baccalaureate Achievement Program".

[(2) A post-baccalaureate achievement project assisted under this subsection may provide services such as—

[(A) opportunities for research or other scholarly activities at the institution or at graduate centers designed to provide students with effective preparation for doctoral study;

[(B) summer internships;

[(C) seminars and other educational activities designed to prepare students for doctoral study;

[(D) tutoring;

[(E) academic counseling; and

[(F) activities designed to assist students participating in the project in securing admission to and financial assistance for enrollment in graduate programs.

[(3) In approving applications for post-baccalaureate achievement projects assisted under this subsection for any fiscal year, the Secretary shall require—

[(A) an assurance that not less than two-thirds of the individuals participating in the project proposed to be carried out under any application be low-income individuals who are first-generation college students;

[(B) an assurance that the remaining persons participating in the project proposed to be carried out be from a group that is underrepresented in graduate education;

[(C) an assurance that participants be enrolled in a degree program at an eligible institution in accordance with the provisions of section 487; and

[(D) an assurance that participants in summer research internships have completed their sophomore year in post-secondary education.

[(4) In addition to such other selection criteria as may be prescribed by regulations, the Secretary shall consider in making awards to institutions under this subsection—

[(A) the quality of research and other scholarly activities in which students will be involved;

[(B) the level of faculty involvement in the project and the description of the research in which students will be involved; and

[(C) the institution's plan for identifying and recruiting participants including students enrolled in projects authorized under this subsection.

[(5) Students participating in research under a post-baccalaureate achievement project may receive stipends not to exceed \$2,400 per annum.

[(6) No funds shall be allocated to projects authorized under this subsection until projects authorized by the other provisions of this subpart are allocated a minimum of \$168,800,000, and if—

[(A) the funds so allocated equal or exceed \$168,800,000 but are less than \$215,000,000 funds allocated to projects authorized under this subsection may not exceed—

[(i) \$1,000,000 in the fiscal year 1988,

[(ii) \$2,000,000 in the fiscal year 1989,

[(iii) \$3,000,000 in the fiscal year 1990, and

[(iv) \$4,000,000 in the fiscal year 1991, and

[(B) the funds so allocated equal or exceed \$215,000,000 funds allocated to projects authorized under this subsection may not exceed \$5,000,000.

[EDUCATIONAL OPPORTUNITY CENTERS]

[SEC. 417E. (a) PROGRAM AUTHORITY; SERVICES PROVIDED.—The Secretary shall carry out a program to be known as educational opportunity centers which shall be designed—

[(1) to provide information with respect to financial and academic assistance available for individuals desiring to pursue a program of postsecondary education; and

[(2) to provide assistance to such persons in applying for admission to institutions at which a program of postsecondary education is offered, including preparing necessary applications for use by admissions and financial aid officers.

[(b) TUTORIAL AND COUNSELING SERVICES.—An educational opportunity center assisted under this subpart may provide, in addition to the services described in paragraphs (1) and (2) of subsection (a), tutorial and counseling services for persons participating in the project if such tutorial and counseling services are not otherwise available through a project assisted under this subpart.

[(c) REQUIREMENTS FOR APPROVAL OF APPLICATIONS.—In approving applications for educational opportunity centers under this subpart for any fiscal year the Secretary shall—

[(1) require an assurance that not less than two-thirds of the persons participating in the project proposed to be carried out under any application be low-income individuals who are first generation college students;

[(2) require that such participants be persons who are at least nineteen years of age, unless the imposition of such limitation with respect to any person would defeat the purposes of this section or the purposes of section 417B; and

[(3) require an assurance that individuals participating in the project proposed in the application do not have access to

services from another project funded under this section or under section 417B.

STAFF DEVELOPMENT ACTIVITIES

[SEC. 417F. For the purpose of improving the operation of the programs and projects authorized by this subpart, the Secretary is authorized to make grants to institutions of higher education and other public and private nonprofit institutions and organizations to provide training for staff and leadership personnel employed in, or preparing for employment in, such programs and projects. Such training shall include conferences, internships, seminars, workshops, and the publication of manuals designed to improve the operation of such programs and projects and shall be carried out in the various regions of the Nation in order to ensure that the training opportunities are appropriate to meet the needs in the local areas being served by such programs and projects. Grants for the purposes of this section shall be made only after consultation with regional and State professional associations of persons having special knowledge with respect to the needs and problems of such programs and projects.]

SUBPART 5—SPECIAL PROGRAMS FOR STUDENTS WHOSE FAMILIES ARE ENGAGED IN MIGRANT AND SEASONAL FARMWORK

MAINTENANCE AND EXPANSION OF EXISTING PROGRAMS

SEC. 418A. (a) * * *

(b) **SERVICES PROVIDED BY HIGH SCHOOL EQUIVALENCY PROGRAM.**—The services authorized by this subpart for the high school equivalency program include—

[(1) recruitment services to reach persons who are 17 years of age and over, who themselves or whose parents have spent a minimum of 75 days during the past 24 months in migrant and seasonal farmwork, and who lack a high school diploma or its equivalent;]

(1) recruitment services to reach persons who are 17 years of age and over who, themselves or whose parents have spent a minimum of 75 days during the past 24 months in migrant and seasonal farmwork or who have participated in programs under subpart 1 of part D of chapter 1 of title I of the Elementary and Secondary Education Act of 1965 or section 402 of the Job Training Partnership Act, and who lack a high school diploma or its equivalent;

(c) **SERVICES PROVIDED BY COLLEGE ASSISTANCE MIGRANT PROGRAM.**—Services authorized by this subpart for the college assistance migrant program include—

[(1) outreach and recruitment services to reach persons who themselves or whose parents have spent a minimum of 75 days during the past 24 months in migrant and seasonal farmwork, and who meet the minimum qualifications for attendance at a college or university;]

* * * * *

(1) outreach and recruitment services to reach persons who themselves or whose parents have spent a minimum of 75 days

during the past 24 months in migrant and seasonal farmwork or who have participated in programs under subpart 1 of part D of chapter 1 of title I of the Elementary and Secondary Education Act of 1965 or section 402 of the Job Training Partnerships Act, and who meet the minimum qualifications for attendance at a college or university;

(e) **[THREE-YEAR] FIVE-YEAR GRANT PERIOD; CONSIDERATION OF PRIOR EXPERIENCE.**—Except under extraordinary circumstances, the Secretary shall award grants for a **[three-year] 5-year** period. For the purpose of making grants under this subpart, the Secretary shall consider the prior experience of service delivery under the particular project for which funds are sought by each applicant. Such prior experience shall be awarded the same level of consideration given this factor for applicants for programs authorized by subpart 4 of this part in accordance with section 417A(b)(2).

* * * * *

[(g) AUTHORIZATION OF APPROPRIATIONS.]—(1) There are authorized to be appropriated for the high school equivalency program \$7,000,000 for fiscal year 1987 and such sums as may be necessary for each of the four succeeding fiscal years.

[(2)] There are authorized to be appropriated for the college assistance migrant program \$2,000,000 for fiscal year 1987 and such sums as may be necessary for each of the four succeeding fiscal years.

(g) AUTHORIZATION OF APPROPRIATIONS.—(1) *There are authorized to be appropriated for the high school equivalency program \$15,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.*

(2) There are authorized to be appropriated for the college assistance migrant program \$5,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

* * * * *

SUBPART 6—ROBERT C. BYRD HONORS SCHOLARSHIP PROGRAM

* * * * *

[DEFINITION

[SEC. 419B. For the purpose of this subpart—

[(1)] the term “secondary school” has the same meaning given that term under section 198(a)(7) of the Elementary and Secondary Education Act of 1965; and

[(2)] the term “State” means each of the several States, the District of Columbia, and the Commonwealth of Puerto Rico.]

* * * * *

[AUTHORIZATION OF APPROPRIATIONS

[SEC. 419K. There are authorized to be appropriated for this subpart \$8,000,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.]

AUTHORIZATION OF APPROPRIATIONS

SEC. 419K. *There are authorized to be appropriated for this subpart \$10,000,000 for fiscal year 1993 and such sums as may be necessary for the 4 succeeding fiscal years.*

[Subpart 7—Assistance to Institutions of Higher Education

[PAYMENTS TO INSTITUTIONS OF HIGHER EDUCATION

[SEC. 420. (a) COST OF EDUCATION PAYMENTS.—Each institution of higher education shall be entitled for each fiscal year to a cost-of-education payment in accordance with the provisions of this section.

[(b) COMPUTATION OF AMOUNT.—(1) The amount of the cost-of-education payment to which an institution shall be entitled under this section for a fiscal year shall be, subject to subsection (d), the amount determined under paragraph (2)(A) plus the amount determined under paragraph (2)(B).

[(2)(A)(i) The Secretary shall determine the amount to which an institution is entitled under this subparagraph on the basis of the total number of undergraduate students who are in attendance at the institution and the number of students who are also recipients of basic grants under subpart 1, in accordance with the following table:

[If the total number of students in attendance is—	The amount of the grant is—
Not over 1,000.....	\$500 for each recipient.
Over 1,000 but not over 2,500	\$500 for each of 100 recipients; plus \$400 for each recipient in excess of 100.
Over 2,500 but not over 5,000	\$500 for each of 100 recipients; plus \$400 for each of 150 recipients in excess of 100; plus \$300 for each recipient in excess of 250.
Over 5,000 but not over 10,000	\$500 for each 100 recipients; plus \$400 for each of 150 recipients in excess of 100; plus \$300 for each of 250 recipients in excess of 250; plus \$200 for each recipient in excess of 500.
Over 10,000.....	\$500 for each of the 100 recipients; plus \$400 for each of 150 recipients in excess of 100; plus \$300 for each of 250 recipients in excess of 250; plus \$200 for each of 500 recipients in excess of 500; plus \$100 for each recipient in excess of 1,000.

[(ii) In any case where a recipient of a basic grant under subpart 1 attends an institution receiving a cost-of-education payment under this subpart on less than a full-time basis, the amount determined under this subparagraph with respect to the student shall be reduced in proportion to the degree to which that student is not attending on a full-time basis.

[(iii) If during any period of any fiscal year the funds available for making payments on the basis of entitlements established under this subparagraph are insufficient to satisfy fully all such entitlements, the amount paid with respect to each such entitlement shall be ratably reduced. When additional funds become

available for such purpose, the amount of payment from such additional funds shall be in proportion to the degree to which each such entitlement is unsatisfied by the payments made under the first sentence of this division.

[(B)(i) The Secretary shall determine with respect to each institution an amount equal to the appropriate percent (specified on the table below) of the aggregate of—

[(I) supplemental educational opportunity grants under subpart 2;

[(II) work-study payments under part C; and

[(III) loans to students under part E;

made for such year to students who are in attendance at such institution. The Secretary shall determine such amounts on the basis of percentages of such aggregate, and the number of students in attendance at institutions during the most recent academic year ending prior to such fiscal year, in accordance with the following table:

[(If the number of students in attendance at the institution is—
The percentage of such aggregate shall be—

Not over 1,000

50 percent.

Over 1,000 but not over 3,000

46 percent.

Over 3,000 but not over 10,000

42 percent.

Over 10,000

38 percent.

[(ii) If during any period of any fiscal year the funds available for making payments on the basis of entitlements established under this subparagraph are insufficient to satisfy fully all such entitlements, the amount paid with respect to each such entitlement shall be ratably reduced. When additional funds become available for such purpose, the amount of payment from such additional funds shall be in proportion to the degree to which each such entitlement is unsatisfied by the payments made under the first sentence of this division.

[(3)(A) In determining the number of students in attendance at institutions of higher education under this subsection, the Secretary shall compute the full-time equivalent of part-time students.

[(B) The Secretary shall make a separate determination of the number of students in attendance at an institution of higher education and the number of recipients of basic grants at any such institution at each branch or separate campus of that institution located in a different community from the principal campus of that institution pursuant to criteria established by him.

[(c) APPLICATIONS; CONTENTS AND MANNER OF FILING.—An institution of higher education may receive a cost-of-education payment in accordance with this section only upon application therefor. An application under this section shall be submitted at such time or times, in such manner, and containing such information as the Secretary determines necessary to carry out his functions under this title, and shall—

[(1) set forth such policies, assurances, and procedures as will ensure that—

[(A) the funds received by the institution under this section will be used solely by defray instructional expenses in academically related programs of the applicant;

[(B) the funds received by the institution under this section will not be used for a school or department of divinity or for any religious worship or sectarian activity;

[(C) the applicant will expend, during the academic year for which a payment is sought, for all academically related programs of the institution, an amount equal to at least the average amount so expended during the 3 years preceding the year for which the grant is sought; and

[(D) the applicant will submit to the Secretary such reports as the Secretary may require by regulation; and

[(2) contain such other statement of policies, assurances, and procedures as the Secretary may require by regulation in order to protect the financial interests of the United States.

[(d) APPORTIONMENT OF APPROPRIATIONS.—(1) The Secretary shall pay to each institution of higher education for each fiscal year the amount to which it is entitled under this section.

[(2) Of the total sums appropriated to make payments on the basis of entitlements established under this section and to make payments under part D of title IX—

[(A) 45 percent shall be available for making payments on the basis of entitlements established under paragraph (2)(A) of subsection (a);

[(B) 45 percent shall be available for making payments on the basis of entitlements established under paragraph (2)(B) of subsection (a); and

[(C) 10 percent shall be available for making payments under part D of title IX.

[(3) No payments on the basis of entitlements established under paragraph (2)(A) of subsection (a) may be made during any fiscal year for which the appropriations for making grants under subpart 1 does not equal at least 50 percent of the appropriation necessary for satisfying the total of all entitlements established under such subpart. In no event shall, during any fiscal year, the aggregate of the payments to which this paragraph applies exceed that percentage of the total entitlements established under such paragraph (2)(A) which equals the percentage of the total entitlements established under subpart 1 which are satisfied by appropriations for such purpose for that fiscal year.

[(e) LIMITATION ON APPROPRIATIONS.—No funds are authorized to be appropriated for this subpart for fiscal year 1987.

[VETERANS EDUCATION OUTREACH PROGRAM]

[SEC. 420A. (a) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out the provisions of this section \$5,000,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

[(b) SIZE AND DURATION OF AWARDS.—(1) The minimum grant that may be awarded to an institution under this section is \$1,000, which may remain available for expenditure over a period not to exceed 2 academic years.

[(2) The amount of the payment to which any institution shall be entitled under this section for any fiscal year shall be—

[(A) \$300 for each person who is a veteran receiving vocational rehabilitation under chapter 31 of title 38, United States Code or a veteran receiving educational assistance under chapter 34 of such title 38, and who is in attendance at such institution as an undergraduate student during such year;

[(B) \$150 for each person who is in attendance at such institution as an undergraduate student during such year and who has been the recipient of educational assistance under subchapter V of chapter 34 of such title 38, or who has a service-connected disability as defined in section 101(16) of such title 38, or who is disabled, as determined in accordance with regulations promulgated by the Secretary after consultation with the Secretary of Veterans Affairs; and

[(C) \$100 for each person who is in attendance at such institution as an undergraduate student during such year and who has received an honorable discharge from military service but who is no longer eligible to or does not receive educational benefits under chapter 31 or chapter 34 of title 38 of the United States Code.

[(3) In any case where a person on behalf of whom a payment is made under this section attends an institution on less than a full-time basis, the amount of the payment on behalf of that person shall be reduced in proportion to the degree to which that person is not attending on a full-time basis.

[(4)(A) The Secretary shall pay to each institution of higher education which has had an application approved under subsection (c) the amount to which it is entitled under this section. If the amount appropriated for any fiscal year is not sufficient to pay the amounts to which all such institutions are entitled, the Secretary shall ratably reduce such payments. If any amounts become available for a fiscal year after such reductions have been imposed, such reduced payments shall be increased on the same basis as they were reduced.

[(B) The maximum amount of payments to any institution of higher education, or any branch thereof which is located in a community which is different from that in which the parent institution thereof is located, in any fiscal year shall be \$75,000. In making payments under this section for any fiscal year, the Secretary shall apportion the appropriation for making such payments, from funds which become available as a result of the limitation on payments set forth in the preceding sentence, in such a manner as will result in the receipt by each institution which is eligible for payment under this section of the first \$9,000 (or the amount of its entitlement for that fiscal year, but not less than \$1,000, whichever is the lesser) and then additional amounts up to the limitation set forth in the preceding sentence.

[(5) Not less than 90 percent of the amounts paid to any institution under paragraph (4)(A) in any fiscal year shall be used to implement the requirement of subsection (c)(2)(C)(i), and to the extent that such funds remain after implementing such requirement, funds limited by such 90 percent requirement shall be used for implementing the requirements of clauses (ii) through (v) of subsec-

tion (c)(2)(C), except that the Secretary may, in accordance with criteria established in regulations jointly prescribed by the Secretary with the Administrator, waive the requirement of this subsection to the extent that he finds that such institution is adequately carrying out all such requirements without the necessity for such application of such amount of the payments received under this subsection.

[(c) ELIGIBILITY FOR AWARDS.—(1) During the period beginning July 1, 1987, and ending September 1, 1991, each institution of higher education shall be entitled to a payment under, and in accordance with, this section during any fiscal year if the number of persons who are veterans with honorable discharges and are in attendance as undergraduate students at the institution is at least 100.

[(2) An institution of higher education shall be eligible to receive the payment to which it is entitled under this section only if it makes application therefor to the Secretary. An application under this section shall be submitted at such time or times, in such manner, in such form and containing such information as the Secretary determines necessary to carry out the functions of the Secretary under this title, and shall—

[(A) set forth such policies, assurance, and procedures as will ensure that—

[(i) the funds received by the institution under this section and available to it after the requirements of subsection (b)(5) have been met will be used solely to defray instructional expenses in academically related programs of the applicant;

[(ii) the funds received by the institution under this section will not be used for a school or department of divinity or for any religious worship or sectarian activity;

[(iii) the applicant will expend, during the academic year for which a payment is sought, for all academically related programs of the institution, an amount equal to at least the average amount so expended during the 3 years preceding the year for which the grant is sought;

[(iv) the applicant will expend, during the academic year for which a payment is sought, for enhancing the functions of the Veterans Education Outreach Program, an amount equal to at least the amount of the award under this section from sources other than this or any other Federal program; and

[(v) the applicant will submit it to the Secretary such reports as the Secretary may require by regulation;

[(B) contain such other statement of policies, assurances, and procedures as the Secretary may require by regulation in order to protect the financial interests of the United States; and

[(C) set forth such plans, policies, assurances, and procedures as will ensure that the applicant will make an adequate effort—

[(i) to maintain an office of veterans' affairs which has responsibility for veterans' outreach, recruitment, and spe-

cial education programs, including the provisions of educational, vocational, and personal counseling for veterans.

[(ii) to carry out programs designed to prepare educationally disadvantaged veterans for postsecondary education under subchapter V of chapter 34 of title 38, United States Code.

[(iii) to carry out active outreach (with special emphasis on service-connected disabled veterans, other disabled or handicapped veterans, incarcerated veterans, and educationally disadvantaged veterans), recruiting, and counseling activities through the use of funds available under federally assisted work-study programs (with special emphasis on the veteran-student services program under section 1685 of such title 38),

[(iv) to carry out an active tutorial assistance program for veterans, including dissemination of information regarding such program, with special emphasis on making maximum use of the benefits available under section 1692 of such title 38, and

[(v) to coordinate activities carried out under this part with the readjustment counseling program authorized under section 612A of title 38, United States Code, and with the programs of veterans employment and training authorized under the Job Training Partnership Act and under chapters 41 and 42 of title 38, United States Code, in order to assist in serving the readjustment, rehabilitation, personal counseling, and employment needs of veterans, except that an institution which the Secretary determines, in accordance with regulations jointly prescribed by the Secretary and the Secretary of Veterans Affairs, cannot feasibly itself, in terms of the number of veterans in attendance there, carry out any or all of the programs set forth in clauses (i) through (v) of subparagraph (C) may carry out such program or programs through a consortium agreement with one or more other institutions of higher education and shall be required to carry out such programs only to the extent that the Secretary determines, in accordance with regulations jointly prescribed by the Secretary and the Secretary of Veterans Affairs, is appropriate in terms of the numbers of veterans in attendance at such institution. The adequacy of efforts to meet the requirements of subparagraph (C) of this subparagraph shall be determined by the Secretary, based upon the recommendations of the Secretary of Veterans Affairs, in accordance with criteria established in regulations jointly prescribed by the Secretary and the Secretary of Veterans Affairs.

[(3) The Secretary shall not approve an application under this subsection unless he determines that the applicant will implement the requirements of subparagraph (C) of paragraph (1) within the first academic year during which it receives a payment under this section.

[(4) Any institution which has been eligible under this section prior to September 30, 1985, for a continuous period of three of the last five years shall be determined eligible under the terms of this section.

[(d) COORDINATION OF PROGRAMS.—The Secretary, in carrying out the provisions of this section, shall seek to assure the coordination of programs assisted under this section with programs carried out by the Veterans' Administration pursuant to title 38, United States Code, and the Administrator shall provide all assistance, technical consultation, and information otherwise authorized by law as necessary to promote the maximum effectiveness of the activities and programs assisted under this section.

[(e) ADMINISTRATION OF PROGRAM.—The program provided for in this section shall be administered by an identifiable administrative unit in the Department.

[(f) DISSEMINATION OF INFORMATION.—From the amounts appropriated for this section, the Secretary shall retain one percent or \$10,000, whichever is less, for the purpose of collecting information about exemplary Veterans Educational Outreach Programs and disseminating that information to other institutions of higher education having such programs on their campuses. Such collection and dissemination shall be done on an annual basis.]

SUBPART E—SPECIAL CHILD CARE SERVICES FOR DISADVANTAGED COLLEGE STUDENTS

SPECIAL CHILD CARE SERVICE FOR DISADVANTAGED COLLEGE STUDENTS

SEC. 420B. (a) * * *

* * * * *

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out the purpose of this section, \$10,000,000 for fiscal year [1987] 1993, and such sums as may be necessary for the 4 succeeding fiscal years.

* * * * *

[PART B—ROBERT T. STAFFORD STUDENT LOAN PROGRAM]

PART B—FEDERAL FAMILY EDUCATION LOAN PROGRAM

STATEMENT OF PURPOSE; NONDISCRIMINATION; AND APPROPRIATIONS AUTHORIZED

SEC. 421. (a) * * *

* * * * *

[(c) The program established under this part shall be referred to as the "Robert T. Stafford Student Loan Program". Loans made under this part shall be known as "Stafford Loans".]

(c) DESIGNATION.—The program established under this part shall be referred to as the "Federal Stafford Student Loan Program". Loans made under this part shall be known as "Federal Stafford Loans".

(d) LIMITATION ON AUTHORIZATION TO GUARANTEE NEW LOANS UNDER THIS PART.—Notwithstanding any other provision of this part, no new loan guarantees shall be issued after June 30, 1994, if the Secretary does not issue final regulations implementing the changes made to this part under the Higher Education Amendments of 1992 prior to that date. The authority to issue new loan

guarantees shall resume upon the Secretary's issuance of such regulations.

**ADVANCES FOR RESERVE FUNDS OF STATE AND NONPROFIT PRIVATE
LOAN INSURANCE PROGRAMS**

SEC. 422. (a) * * *

* * * * *

(e) CORRECTION FOR ERRORS UNDER REDUCTION OF EXCESS CASH RESERVES.—(1) *The Secretary shall pay any guaranty agency the amount of reimbursement of claims under section 428(c)(1), filed between September 1988 and December 31, 1989, which were previously withheld or canceled in order to be applied to satisfy such agency's obligation to eliminate excess cash reserves held by such agency, based on the maximum cash reserve (as defined in section 422(e) as in effect on September 1, 1988) permitted at the end of 1986, if such maximum cash reserve was miscalculated because of erroneous financial information provided by such agency to the Secretary if (A) such erroneous information is verified by an audited financial statement of the reserve fund, signed by a certified public accountant and (B) such audited financial statement is provided to the Secretary prior to January 1, 1993.*

(2) The amount of reimbursement for claims shall be equal to the amount of reimbursement for claims withheld or canceled in order to be applied to such agency's obligation to eliminate excess cash reserves, which exceeds the amount of that which would have been withheld or canceled, if the maximum excess reserves had been accurately calculated.

(f) INSOLVENCY OF A GUARANTY AGENCY.—

(1) INFORMATION COLLECTION; STANDARDS.—*The Secretary shall collect, on at least an annual basis, information from each guaranty agency to enable the Secretary to evaluate the financial solvency of each agency. The information collected shall include, at a minimum, the amount of current reserves, cash disbursements, and accounts payable and receivable. The Secretary, based on the information collected under this paragraph, shall establish a standard for use in determining which guaranty agencies which shall be subject to guaranty agency management plans under paragraph (2).*

(2) MANAGEMENT PLANS.—*Any guaranty agency determined by the Secretary under the standard established pursuant to paragraph (1) as in need of corrective measures shall be subject to a guaranty agency management plan. The plan shall be drafted by the guaranty agency and shall identify management, investment, operational and policy changes designed to improve the financial viability of the agency. The plan shall be submitted to the Secretary and shall be subject to approval by the Secretary.*

(3) AGENCY FAILURE TO SUBMIT ACCEPTABLE PLANS.—*If a guaranty agency fails to submit a guaranty agency management plan acceptable to the Secretary or is determined by the Secretary to not be financially viable, the Secretary shall take one or more of the following steps:*

(A) provide the guaranty agency with additional advance funds in order to meet immediate cash needs of the guaranty agency and permit the uninterrupted payment of claims;

(B) permit the transfer of guarantees to another guaranty agency;

(C) terminate the reinsurance agreement of the guaranty agency at a specified date, or require the merger or consolidation of the guaranty agency;

(D) transfer guarantees to the Department for the purpose of payment of such claims, after consulting with affected lenders prior to such transfer and process such claims using the claims standards of the guaranty agency, if such standards are determined by the Secretary to be in compliance with the Act; or

(E) take any other action deemed necessary by the Secretary to ensure the payment of default claims to lenders and avoid disruption to the student loan program.

(4) **CONGRESSIONAL REPORTS.**—The Secretary, within 3 months after the end of each fiscal year, shall submit to the Congress a report specifying the Secretary's assessment of the fiscal soundness of the guaranty agency system together with recommendations for legislative changes, if any, necessary for the maintenance of a strong guaranty agency system.

(5) **CONFIDENTIAL TREATMENT OF INFORMATION.**—Notwithstanding any other provision of law, the information transmitted to the Secretary pursuant to this subsection shall be confidential and shall be exempt from disclosure under section 552a of title 5, United States Code, relating to freedom of information, or any other Federal law.

* * * * *

LIMITATIONS ON INDIVIDUAL FEDERALLY INSURED LOANS AND ON FEDERAL LOAN INSURANCE

SEC. 425. (a) **ANNUAL AND AGGREGATE LIMITS.**—

(1) **ANNUAL LIMITS.**—(A) The total of loans made to a student in any academic year or its equivalent (as determined by the Secretary) which may be covered by Federal loan insurance under this part may not exceed—

[(i) \$2,625, in the case of a student who has not successfully completed the first and second year of a program of undergraduate education;

[(ii) \$4,000, in the case of a student who has successfully completed such first and second year but who has not successfully completed the remainder of a program of undergraduate education; or

[(iii) \$7,500, in the case of a graduate or professional student (as defined in regulations of the Secretary).]

(i) in the case of a student at an eligible institution who has not successfully completed the first and second year of a program of undergraduate education—

(I) \$2,625, if such student is enrolled in a program whose length is one academic year in length (as provided for in section 481(d));

(II) \$1,750, if such student is enrolled in a program whose length is at least $\frac{2}{3}$ of an academic year; and

(III) \$875, if such student is enrolled in a program whose length is less than $\frac{2}{3}$, but at least $\frac{1}{3}$, of an academic year (as provided for in section 481(b));

(ii) in the case of a student at an eligible institution who has successfully completed such first and second year but has not successfully completed the remainder of a program of undergraduate study—

(I) \$4,000, if such student is enrolled in a program whose length is one academic year in length (as provided for in section 481(d));

(II) \$2,675, if such student is enrolled in a program whose length is at least $\frac{2}{3}$ of an academic year; and

(III) \$1,350, if such student is enrolled in a program whose length is less than $\frac{2}{3}$, but at least $\frac{1}{3}$, of an academic year (as provided for in section 481(b)); and

(iii) in the case of a graduate or professional student (as defined in regulations of the Secretary) at an eligible institution, \$7,500.

* * * * *

ELIGIBILITY OF STUDENT BORROWERS AND TERMS OF FEDERALLY INSURED STUDENT LOANS

SEC. 427. (a) LIST OF REQUIREMENTS.—Except as provided in section 428C, a loan by an eligible lender shall be insurable by the Secretary under the provisions of this part only if—

(1) * * *

(2) evidenced by a note or other written agreement which—

(A) * * *

* * * * *

(C) provides that periodic installments of principal need not be paid, but interest shall accrue and be paid, during any period—

(i) * * *

[(ii) not in excess of 3 years during which the borrower is a member of the Armed Forces of the United States, is an active duty member of the National Oceanic and Atmospheric Administration Corps, or is an officer in the Commissioned Corps of the Public Health Service.

[(iii) not in excess of 3 years during which the borrower is in service as a volunteer under the Peace Corps Act;

[(iv) not in excess of 3 years during which the borrower is in service as a full-time volunteer under the Domestic Volunteer Service Act of 1973;

[(v) not in excess of 3 years during which the borrower is in service, comparable to the service referred to in clauses (iii) and (iv), as a full-time volunteer for an organization which is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986;

[(vi) not in excess of 3 years during which the borrower is engaged as a full-time teacher in a public or nonprofit private elementary or secondary school in a teacher shortage area established by the Secretary pursuant to section 428(b)(4);

[(vii) not in excess of 2 years during which the borrower is serving an internship, the successful completion of which is required in order to receive professional recognition required to begin professional practice or service after January 1, 1986, or serving in an internship or residency program leading to a degree or certificate awarded by an institution of higher education, a hospital, or a health care facility that offers postgraduate training;

[(viii) not in excess of 3 years during which the borrower is temporarily totally disabled, as established by sworn affidavit of a qualified physician, or during which the borrower is unable to secure employment by reason of the care required by a dependent who is so disabled;

[(ix) not in excess of 24 months, at the request of the borrower, during which the borrower is seeking and unable to find full-time employment;

[(x) not in excess of 6 months of parental leave; or

[(xi) not in excess of 12 months for mothers with pre-school age children who are just entering or reentering the work force and who are compensated at a rate not exceeding \$1 in excess of the rate prescribed under section 6 of the Fair Labor Standards Act of 1938,]

(ii) not in excess of 24 months at the request of the borrower, during which the borrower is seeking and unable to find full-time employment; and

(iii) not in excess of 36 months for any reason which the lender deems will cause economic hardship for the borrower, pursuant to regulation by the Secretary; except that, for the purposes of clause (i), an eligible institution includes institutions ineligible for participation in programs under this part under section 435(a)(2), and that any such period shall not be included in determining the 10-year period provided in subparagraph (B);

* * * * *

(3) the funds borrowed by a student are disbursed to the institution by check or other means that is payable to and requires the endorsement or other certification by such student, except nothing in this title shall be interpreted to allow the Secretary to require checks to be made co-payable to the institution and the borrower or to prohibit the disbursement of loan proceeds by means other than by check, and except further that checks to student: who are studying outside the United States in a program of study abroad that is approved

for credit by the institution may be endorsed pursuant to an authorized power-of-attorney; and

(b) **SPECIAL RULES FOR MULTIPLE DISBURSEMENT.**—For the purpose of subsection (a)(4)—

(1) * * *

(2) the requirements of such subsection shall not apply in the case of a loan made under section 428B or 428C, [or made to a student to cover the cost of attendance at an eligible institution outside the United States] *or in a program of study abroad approved for credit by an eligible institution.*

[(c) **MINIMUM REPAYMENT RATE.**—The total of the payments]

(c) **SPECIAL REPAYMENT RULES.**—

(1) **MINIMUM REPAYMENT RATE.**—*Except as provided in paragraph (2), the total of the payments by a borrower during any year of any repayment period with respect to the aggregate amount of all loans to that borrower which are insured under this part shall not, unless the borrower and the lender otherwise agree, be less than \$600 or the balance of all such loans (together with interest thereon), whichever amount is less[, except that in the case of a husband and wife, both of whom have such loans outstanding, the total of the combined payments for such a couple during any year shall not be less than \$600 or the balance of all such loans, whichever is less.] (but in no instance less than the amount of interest due and payable).*

(2) **GRADUATED REPAYMENT SCHEDULE.**—*If a borrower so requests prior to the beginning of the repayment period, the repayment of a loan to that borrower insured under this part shall be made in accordance with a graduated or income-sensitive schedule established by the lender.*

APPLICABLE INTEREST RATES

SEC. 427A. (a) * * *

(e) **TREATMENT OF EXCESS INTEREST PAYMENTS ON NEW BORROWER ACCOUNTS RESULTING FROM DECLINE IN TREASURY BILL RATES.**—

(1) * * *

(3) **ANNUAL ADJUSTMENT OF INTEREST AND BORROWER ELIGIBILITY FOR CREDIT.**—Any adjustment amount computed pursuant to paragraph (2) of this subsection for any quarter shall be credited, by the holder of the loan on the last day of the calendar year in which such quarter falls, to the loan account of the borrower so as to reduce the principal balance of such account. No such credit shall be made to the loan account of a borrower who on the last day of the calendar year is delinquent for more than 30 days in making a required payment on the loan. Any credit which is to be made to a borrower's account pursuant to this subsection shall be made effective commencing no later than 30 days following the last day of the calendar year in which the quarter falls for which the credit is being made. Nothing in this subsection shall be construed to require re-

funding any repayment of a loan. At the option of the lender, the amount of such adjustment may be distributed to the borrower either by reduction in the amount of the periodic payment on the loan, **[or by reducing the number of payments]** *by reducing the number of payments* that shall be made with respect to the loan **[.]**, *or by reducing the amount of the final payment of the loan.* *Nothing in this paragraph shall be construed to require the lender to make additional disclosures pursuant to section 433(b).*

* * * * *

FEDERAL PAYMENTS TO REDUCE STUDENT INTEREST COSTS

SEC. 428. (a) FEDERAL INTEREST SUBSIDIES.—

(1) * * *

* * * * *

[(5) DURATION OF AUTHORITY TO MAKE INTEREST SUBSIDIZED LOANS.—The period referred to in subparagraph (B) of paragraph (1) of this subsection shall begin on the date of enactment of this Act and end at the close of September 30, 1992, except that, in the case of a loan made or insured under a student loan or loan insurance program to enable a student who has obtained a prior loan made or insured under such program to continue his or her education program, such period shall end at the close of September 30, 1997.]

(5) DURATION OF AUTHORITY.—The period referred to in paragraph (1)(B) of this subsection shall begin on the date of enactment of this act and end at the close of June 30, 1996.

* * * * *

(b) INSURANCE PROGRAM AGREEMENTS TO QUALIFY LOANS FOR INTEREST SUBSIDIES.—

(1) REQUIREMENTS OF INSURANCE PROGRAM.—Any State or any nonprofit private institution or organization may enter into an agreement with the Secretary for the purpose of entitling students who receive loans which are insured under a student loan insurance program of that State, institution, or organization to have made on their behalf the payments provided for in subsection (a) if the Secretary determines that the student loan insurance program—

(A) authorizes the insurance in any academic year or its equivalent (as determined under regulations of the Secretary) for any student who is carrying at an eligible institution, *or in a program of study abroad approved for credit by the eligible institution* at least one-half the normal full-time academic workload (as determined by the institution) in any amount up to a maximum of—

[(i) \$2,625, in the case of a student who has not successfully completed the first and second year of a program of undergraduate education;

[(ii) \$4,000, in the case of a student who has successfully completed such first and second year but who has not successfully completed the remainder of a program of undergraduate education; and

[(iii) \$7,500, in the case of a graduate or professional student (as defined in regulations of the Secretary);]

(i) *in the case of a student at an eligible institution who has not successfully completed the first and second year of a program of undergraduate education—*

(I) \$2,625, if such student is enrolled in a program whose length is one academic year in length (as provided for in section 481(d));

(II) \$1,750, if student is enrolled in a program whose length is at least $\frac{2}{3}$ of an academic year; and

(III) \$875, if such student is enrolled in a program whose length is less than $\frac{2}{3}$, but at least $\frac{1}{3}$, of an academic year (as provided for in section 481(b));

(ii) *in the case of a student at an eligible institution who has successfully completed such first and second year but has not successfully completed the remainder of a program of undergraduate study—*

(I) \$4,000, if such student is enrolled in a program whose length is one academic year in length (as provided for in section 481(d));

(II) \$2,675, if such student is enrolled in a program whose length is at least $\frac{2}{3}$ of an academic year; and

(III) \$1,350, if such student is enrolled in a program whose length is less than $\frac{2}{3}$, but at least $\frac{1}{3}$, of an academic year (as provided for in section 481(b)); and

(iii) *in the case of a graduate or professional student (as defined in regulations of the Secretary) at an eligible institution, \$7,500;*

* * * * *

except in cases where the Secretary determines, pursuant to regulations, that a higher amount is warranted in order to carry out the purpose of this part with respect to students engaged in specialized training requiring exceptionally high costs of education, but the annual insurable limit per student shall not be deemed to be exceeded by a line of credit under which actual payments by the lender to the borrower will not be made in any years in excess of the annual limit;

* * * * *

[(D) provides that (i) the student borrower shall be entitled to accelerate without penalty the whole or any part of an insured loan, (ii) except as provided in subparagraph (M) of this paragraph, the repayment period of any insured loan may not exceed 10 years, and (iii) the note or other written evidence of any loan, may contain such reasonable provisions relating to repayment in the event of default by the borrower as may be authorized by regulations of the

Secretary in effect at the time such note or written evidence was executed;

[(E) subject to subparagraphs (D) and (L) of this paragraph and except as provided by subparagraph (M) of this paragraph, provides that repayment of loans shall be in installments over a period of not less than 5 years (unless the student, during the 6 months preceding the start of the repayment period, specifically requests that repayment be made over a shorter period) nor more than 10 years beginning 6 months after the month in which the student ceases to carry at least one-half the normal full-time academic workload as determined by the institution;]

(D) provides that (i) the student borrower shall be entitled to accelerate without penalty the whole or any part of an insured loan (ii) except as provided in subparagraph (M) of this paragraph and subsection (c)(3) of this section, the repayment period of any insured loan may not exceed 10 years, and (iii) the note or other written evidence of any loan, may contain such reasonable provisions relating to repayment in the event of default by the borrower as may be authorized by regulations of the Secretary in effect at the time such note or written evidence was executed;

(E) subject to subparagraphs (D) and (L) of this paragraph and except as provided by subparagraph (M) of this paragraph, and subsection (c)(3) of this section, provides that repayment of loans shall be in installments over a period of not less than 5 years (unless the student, during the 6 months preceding the start of the repayment period, specifically requests that repayments be made over a shorter period) nor more than 10 years beginning 6 months after the month in which the student ceases to carry at least one-half the normal full-time academic workload as determined by the institution;

* * * * *

(L) [provides that the total] *provides that, except as provides in clause (iv); the total of the payments by a borrower—*

(i) during any year of any repayment period with respect to the aggregate amount of all loans to that borrower which are insured under this part shall not, unless the borrower and the lender otherwise agree, be less than \$600 or the balance of all such loans (together with interest thereon), whichever amount is less[, except that, in the case of a husband and wife, both of whom have such loans outstanding, the total of the combined payments for such a couple during any year shall not be less than \$600 or the balance of all such loans, whichever is less] *(but in no instance less than the amount of interest due and payable); and*

(ii) for a monthly or other similar payment period with respect to the aggregate of all loans held by the lender may, when the amount of a monthly or other similar payment is not a multiple of \$5, be rounded to

the next highest whole dollar amount that is a multiple of \$5; and

(iii) *for the first 2 years of repayment the borrower shall receive monthly statements that designate the principal and the interest that has been repaid; and*

(iv) *if the borrower so requests prior to the beginning of the repayment period, the repayment of a loan to that borrower shall be made in accordance with a graduated or income-sensitive schedule established by the lender.*

(M) provides that periodic installments of principal need not be paid, but interest shall accrue and be paid by the Secretary, during any period—

(i) * * *

[(ii) not in excess of 3 years during which the borrower is a member of the Armed Forces of the United States, is an active duty member of the National Oceanic and Atmospheric Administration Corps, or is an officer in the Commissioned Corps of the Public Health Service;

[(iii) not in excess of 3 years during which the borrower is in service as a volunteer under the Peace Corps Act;

[(iv) not in excess of 3 years during which the borrower is in service as a full-time volunteer under the Domestic Volunteer Service Act of 1973;

[(v) not in excess of 3 years during which the borrower is in service, comparable to the service referred to in clauses (iii) and (iv), as a full-time volunteer for an organization which is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986;

[(vi) not in excess of 3 years during which the borrower is engaged as a full-time teacher in a public or nonprofit private elementary or secondary school in a teacher shortage area established by the Secretary pursuant to paragraph (4) of this subsection;

[(vii) not in excess of 2 years during which the borrower is serving an internship, the successful completion of which is required in order to receive professional recognition required to begin professional practice or service or serving in an internship or residency program leading to a degree or certificate awarded by an institution of higher education, a hospital, or a health care facility that offers postgraduate training;

[(viii) not in excess of 3 years during which the borrower is temporarily totally disabled, as established by sworn affidavit of a qualified physician, or during which the borrower is unable to secure employment by reason of the care required by a dependent who is so disabled;

[(ix) not in excess of 24 months, at the request of the borrower, during which the borrower is seeking and unable to find full-time employment;

[(x) not in excess of 6 months of parental leave; and

[(xi) not in excess of 12 months for mothers with pre-school age children who are just entering or reentering the work force and who are compensated at a rate not exceeding \$1 in excess of the rate prescribed under section 6 of the Fair Labor Standards Act of 1938;]

(ii) not in excess of 24 months at the request of the borrower, during which the borrower is seeking and unable to find full-time employment; and

(iii) not in excess of 36 months for any reason which the lender deems will cause economic hardship for the borrower, pursuant to regulation by the Secretary; except that, for the purposes of clause (i), an eligible institution includes institutions ineligible for participation in programs under this part under section 435(a)(2);

* * * * *

(N) provides that funds borrowed by a student are disbursed to the institution by check or other means that is payable to and requires the endorsement or other certification by such student, except nothing in this title shall be interpreted to allow the Secretary to require checks to be made co-payable to the institution and the borrower or to prohibit the disbursement of loan proceeds by means other than by check and except in the case of attendance at an institution outside the United States, the funds shall be delivered directly to the student or may be endorsed pursuant to an authorized power-of-attorney;

(O) provides that the proceeds of the loans will be disbursed in accordance with the requirements of section 428G except for borrowers who are enrolled in a program of study abroad approved for credit by an eligible institution;

* * * * *

[(T) provides no restrictions with respect to eligible institutions (other than nonresidential correspondence schools) which are more onerous than eligibility requirements for institutions under the Federal student loan insurance program as in effect on January 1, 1985, unless—

[(i) that institution is ineligible under regulations for the emergency action limitation, suspension, or termination of eligible institutions under the Federal student loan insurance program or is ineligible pursuant to criteria issued under the student loan insurance program which are substantially the same as regulations with respect to such eligibility issued under the Federal student loan insurance program; or

[(ii) there is a State constitutional prohibition affecting the eligibility of such an institution;]

(T) provides that any guaranty agency may limit the total number of loans or volume of loans, made under this part, which are allowed to an eligible institution during any academic year; and may limit, suspend or terminate the eligibility of an eligible institution if—

(i) such institution is ineligible under regulations for the emergency action limitation, suspension, or termination of eligible institutions under the Federal student loan insurance programs or is ineligible pursuant to criteria issued under the student loan insurance program which are substantially the same as regulations with respect to such eligibility issued under the Federal student loan insurance programs;

(ii) there is a State constitutional prohibition affecting the eligibility of such an institution;

(iii) such institution fails to make timely refunds to students or has not satisfied within 30 days of issuance a judgment obtained by a student;

(iv) such institution or an owner, director, or officer of such institution is found guilty in any criminal, civil or administrative proceeding or such institution or an owner, director, or officer of such institution is found liable in any civil or administrative proceeding regarding the obtaining, maintenance, or disbursement of State or Federal loan or grant funds; or

(v) such institution or an owner, director, or officer of such institution has unpaid financial liabilities involving the improper acquisition, expenditure, or refund of State or Federal financial aid funds;

except that, if a guaranty agency finalizes a limitation, suspension, or termination action against an eligible institution, that action is immediately applicable nationally for all institutions with the Department of Education institution identification code of such institution, unless the Secretary states otherwise within 30 days of notification by the guaranty agency;

(U) provides (i) for the eligibility of all lenders described in section 435(d)(1) under reasonable criteria unless (I) that lender is eliminated as a lender under regulations for the emergency action limitation, suspension, or termination of a lender under the Federal student loan insurance program or is eliminated as a lender pursuant to criteria issued under the student loan insurance program which are substantially the same as regulations with respect to such eligibility as a lender issued under the Federal student loan insurance program, or (II) there is a State constitutional prohibition affecting the eligibility of a lender, and (ii) assurances that the guaranty agency will report to the Secretary concerning changes in such criteria, including any procedures in effect under such program to take emergency action limit, suspend, or terminate lenders;

(V)(i) provides that, upon written request, a lender shall grant a borrower forbearance, renewable at 12-month intervals for a period equal to the length of time remaining in the borrower's medical or dental internship or residency program, on such terms as are otherwise consistent with the regulations of the Secretary and agreed upon in writing by the parties to the loan, with the approval of the insurer, if the borrower—

(I) is serving in a medical or dental internship or residency program, the successful completion of which is required to begin professional practice or service, or is serving in a medical or dental internship or residency program leading to a degree or certificate awarded by an institution of higher education, a hospital, or a health care facility that offers postgraduate training, and

(II) has exhausted his or her eligibility for a deferment under section 427(a)(2)(C)(vii) or subparagraph (M)(vii) of this paragraph; and

(ii) provides that no administrative or other fee may be charged in connection with the granting of a forbearance under clause (i), and that no adverse information regarding a borrower may be reported to a credit bureau organization solely because of the granting of a forbearance under clause (i);

(W) provides that prior to making a loan made, insured, or guaranteed under this part (other than a loan made in accordance with section 428C), a lender shall—

(i) obtain a credit report, from at least one national credit bureau organization, with respect to a loan applicant who will be at least 21 years of age as of July 1 of the award year for which assistance is being sought, for which the lender may charge the applicant an amount not to exceed the lesser of \$25 or the actual cost of obtaining the credit report; and

(ii) require an applicant of the age specified in clause (i) who, in the judgment of the lender in accordance with the regulations of the Secretary, has an adverse credit history, a credit worthy cosigner in order to obtain the loan, provided that, for purposes of this clause, an insufficient or nonexistent credit history may not be considered to be an adverse credit history; and

(X) provides that the lender shall obtain, as part of the note or written agreement evidencing the loan, the borrower's authorization for entry of judgment against the borrower in the event of default[.];

(Y) provides information to the Secretary pursuant to section 422(f) and maintains sufficient reserve funds in relation to its guarantee obligations; and

(Z) provides for a participation agreement between the guaranty agency and each eligible institution within its designated service area.

(2) CONTENTS OF INSURANCE PROGRAM AGREEMENT.—Such an agreement shall—

(A) * * *

* * * * *

(D) provide for—

(i) conducting, except as provided in clause (ii), financial and compliance audits of the guaranty agency at least once every 2 years and covering the period

since the most recent audit, conducted by a qualified, independent organization or person in accordance with standards established by the Comptroller General for the audit of governmental organizations, programs, and functions, and as prescribed in regulations of the Secretary, the results of which shall be submitted to the Secretary; or

(ii) with regard to a guaranty program of a State which is audited under chapter 75 of title 31, United States Code, deeming such audit to satisfy the requirements of clause (i) for the period of time covered by such audit; [and]

(E) provide that any guaranty agency may transfer loans which are insured under this part to any other guaranty agency with the approval of the holder of the loan and such other guaranty agency[.]; and

(F) *provide that the lender will be required promptly to notify the borrower, and, upon the request of such institution, the guaranty agency shall notify the last institution the student attended prior to the beginning of repayment of any loan made under this part of—*

(i) any sale or other transfer of the loan to another holder;

(ii) the address and phone number by which contact may be made with such other holder concerning repayment of the loan.

* * * * *

[(4) TARGETED TEACHER DEFERMENT RULE.—(A) The deferment for service as a teacher in a public or nonprofit private elementary or secondary school shall be for service as such a teacher in shortage areas prescribed by the Secretary, in consultation with the chief State school officer or, in the case of nonprofit private elementary or secondary schools, with appropriate officials of the nonprofit private schools in each State in accordance with this subparagraph.

[(B) For the purpose of this paragraph, the term "shortage areas" means (i) geographic areas of the State in which there is a shortage of elementary and secondary school teachers, and (ii) an area of shortage of elementary and secondary school teachers in specific grade levels and in specific academic, instructional, subject matter, and discipline classifications. In carrying out the provisions of this subparagraph, the Secretary shall give special consideration to areas in which emergency certification of individuals in a State is being used to correct teacher shortages; and to States which have retirement laws permitting early retirement.

[(5)](4) SPECIAL RULE.—For the purpose of paragraph (1)(M)(i)(III) of this subsection, the Secretary shall approve any course of study at a foreign university that is accepted for the completion of a recognized international fellowship program by the administrator of such a program. *Requests for a deferment of repayment of loans under this part by students engaged in graduate or postgraduate fellowship-supported study (such as pursu-*

ant to a Fulbright grant) outside the United States may be approved until completion of the period of the fellowship.

[(6)] (5) GUARANTY AGENCY INFORMATION TRANSFERS.—(A) Until such time as the Secretary has implemented section 485B and is able to provide to guaranty agencies the information required by such section, any guaranty agency may request information regarding loans made after January 1, 1987, to students who are residents of the State for which the agency is the designated guarantor, from any other guaranty agency insuring loans to such students.

(B) Upon a request pursuant to subparagraph (A), a guaranty agency shall provide—

- (i) the name and the social security number of the borrower; and
- (ii) the amount borrowed and the cumulative amount borrowed.

(C) Any costs associated with fulfilling the request of a guaranty agency for information on students shall be paid by the guaranty agency requesting the information.

(6) RESTRICTIONS ON GUARANTY AGENCY OFFICERS AND EMPLOYEES.—No guaranty agency shall permit any of its officers or employees, or any member of their immediate families, to have a direct financial interest in, or serve as an officer or employee of, any lender, secondary market, contractor, or servicer with which the guaranty agency does business.

(7) STATE GUARANTY AGENCY INFORMATION REQUEST OF STATE LICENSING BOARDS.—Each guaranty agency is authorized to enter into agreements with each appropriate State licensing board under which the State licensing board, upon request, will furnish the guaranty agency with the address of student borrower in any case in which the location of the student borrower is unknown or unavailable to the guaranty agency.

(c) GUARANTY AGREEMENTS FOR REIMBURSING LOSSES.—

(1) AUTHORITY TO ENTER INTO AGREEMENTS.—(A) The Secretary may enter into a guaranty agreement with any guaranty agency, whereby the Secretary shall undertake to reimburse it, under such terms and conditions as the Secretary may establish, with respect to losses (resulting from the default of the student borrower) on the unpaid balance of the principal and accrued interest of any insured loan. The guaranty agency shall, subject to section 422(e), be deemed to have a contractual right against the United States, during the life of such loan, to receive reimbursement according to the provisions of this subsection. Upon receipt of an accurate and complete request by a guaranty agency for reimbursement with respect to such losses, the Secretary shall pay promptly and without administrative delay. Except as provided in subparagraph (B) of this paragraph and in paragraph (7), the amount to be paid a guaranty agency as reimbursement under this subsection shall be equal to 100 percent of the amount expended by it in discharge of its insurance obligation incurred under its loan insurance program. In no case shall a guaranty agency file a claim under this subsection for reimbursement with respect to losses prior to 270 days after the loan becomes delinquent with respect to

any installment thereon[.], or 45 days after the guaranty agency discharges its insurance obligation on the loan, whichever is later.

* * * * *

(D) Reimbursements of losses made by the Secretary on loans submitted for claim by an eligible lender, or guaranty agency designated for exceptional performance under paragraph (10) of this subsection shall not be subject to additional review by the Secretary or repurchase by the guaranty agency for any reason other than a determination by the Secretary that the eligible lender, or guaranty agency engaged in fraud or other purposeful misconduct in obtaining designation for exceptional performance.

* * * * *

(2) CONTENTS OF GUARANTY AGREEMENTS.—The guaranty agreement—

(A) * * *

* * * * *

(F) set forth adequate assurances that the guaranty agency will not engage in any pattern or practice which results in a denial of a borrower's access to loans under this part because of the borrower's race, sex, color, religion, national origin, age, handicapped status, income, attendance at a particular eligible institution within the area served by the guaranty agency, length of the borrower's educational program, or the borrower's academic year in school; [and]

(G) set forth assurances that the guaranty agency has established and implemented procedures providing for the submission to institutions of higher education of lists of borrowers on which the guaranty agency has received default claims for the purpose of providing the institution that the borrower has indicated as having lost attended with an opportunity to comment on the accuracy of the list prior to claims for reinsurance being filed with the Secretary; and

[(G)] (H) may include such other provisions as may be necessary to promote the purpose of this part.

[(3) FOREBEARANCE.—A guaranty agreement under this subsection—

[(A) shall contain provisions providing for forbearance in accordance with subsection (b)(1)(V) for the benefit of the student borrower serving in a medical or dental internship or residency program; and

[(B) may, to the extent provided in regulations of the Secretary, contain provisions that permit such forbearance for the benefit of the student borrower as may be agreed upon by the parties to an insured loan and approved by the insurer.

Such regulations shall not preclude guaranty agencies from permitting the parties to such a loan from entering into a forbearance agreement solely because the loan is in default.】

(3) **FORBEARANCE.**—A guaranty agreement under this subsection—

(A) shall contain provisions providing for forbearance in accordance with subsection (b)(1)(V) for the benefit of the student borrower serving in a medical or dental internship or residency program; and

(B) shall contain provisions which require forbearance for the benefit of the borrower when such a borrower has indicated his or her willingness to pay in accordance with the terms of the loan, but has demonstrated his or her present inability to do so.

Guaranty agencies shall not be precluded from permitting the parties to such a loan from entering into a forbearance agreement solely because the loan is in default. The Secretary shall permit lenders to exercise administrative forbearances, not requiring the agreement of the borrower, under conditions authorized by the Secretary, which shall include, but not be limited to, forbearances for borrowers who are delinquent at the time of the granting of an authorized period of deferment under section 428(b)(1)(M) or 427(a)(2)(C) and forbearances for borrowers on loans which are sold or transferred, if the borrower is less than 60 days delinquent on such loans at the time of sale or transfer.

* * * * *

(6) **SECRETARY'S EQUITABLE SHARE.**—(A) * * *

* * * * *

(C)(i) * * *

* * * * *

(iii) The services associated with carrying out this subparagraph may be provided by the guaranty agency directly or under contract, except that such services may not be carried out by an organization or entity (other than the guaranty agency)—

(I) that is the holder or *third party* servicer of the loan or an organization or entity that owns or controls the holder or *third party* servicer of the loan;

(II) that is owned or controlled by the same corporation, partnership, association, or individual that owns or controls the holder or *third party* servicer of the loan; or

(III) that is an organization or entity that has a contract with a guaranty agency to perform collection activities with respect to the same loans in the event of default.

* * * * *

[(8) **ASSIGNMENT TO PROTECT FEDERAL FISCAL INTEREST.**—If the Secretary determines that the protection of the Federal fiscal interest so requires, a guaranty agency shall assign to the Secretary any loan of which it is the holder and for which the Secretary has made a payment pursuant to paragraph (1) of this subsection.]

(8) **ASSIGNMENT TO PROTECT THE FEDERAL FISCAL INTEREST.**—*If the Secretary determines that the protection of the Federal fiscal interest so requires, a guaranty agency shall assign to the Secretary any loan of which it is the holder 36 months after the Secretary has made a payment pursuant to paragraph (1) of this subsection unless a judgment against the defaulted borrower has been obtained or a payment from all sources of at least \$300 has been received in the preceding 12 months.*

* * * * *

(10) **SPECIAL INSURANCE RULES FOR CERTAIN ELIGIBLE LENDERS; SPECIAL REINSURANCE RULES FOR GUARANTY AGENCIES.**—(A) *Whenever the Secretary determines that an eligible lender or guaranty agency has a compliance performance rating with respect to due diligence in the collection of loans insured under this part for each year for which the determination is made which equals, or exceeds, 95 percent of all due diligence requirements with respect to such loans serviced during the period by the eligible lender, or on which loan collection was attempted by the guaranty agency, the Secretary shall designate the eligible lender or guaranty agency, as the case may be, for exceptional performance. The Secretary shall notify each appropriate guaranty agency of the eligible lenders and third party servicers designated under this paragraph.*

(B)(i) *Each guaranty agency shall pay each eligible lender or designated under subparagraph (A) 100 percent of the unpaid principal and interest of all loans for which claims are submitted for payment by that eligible lender or for the one-year period following the receipt by the guaranty agency of the notification of designation under this paragraph.*

(ii) *The Secretary shall pay to each guaranty agency designated under subparagraph (A) the appropriate percentage under paragraph (1)(B) of this subsection for the one-year period following the receipt by the guaranty agency of the notification of designation under this paragraph.*

(C)(i) *Each eligible lender desiring a designation under subparagraph (A) shall have a financial and compliance audit of the loan portfolio of such eligible lender conducted annually by a qualified independent organization or person in accordance with standards established by the Comptroller General and the Secretary. The standards shall include a defined statistical sampling technique adopted to measure the performance rating of the eligible lender for the purpose of this paragraph. Each eligible lender shall submit the audit required by this paragraph to the Secretary and to each appropriate guaranty agency.*

(ii) *The Secretary shall make the determination under subparagraph (A) based upon the audits submitted under this subparagraph and submit the results of the determination to each appropriate guaranty agency.*

(iii) *Each guaranty agency shall review the Secretary's determination on the basis of the audit and other information in the possession of the guaranty agency. If the results of the audit are not persuasively rebutted by such other information, the Secre-*

tary shall inform the eligible lender that its application for designation as an exceptional eligible lender has been approved.

(iv) Each eligible lender shall pay for all of the costs of the audits required by this subparagraph.

(v) Designation as an exceptional eligible lender may be revoked by the Secretary upon 60 days notice and an opportunity for a hearing before the Secretary upon a finding by the Secretary that the eligible lender has failed to maintain an overall level of regulatory compliance consistent with the audit submitted by the eligible lender under this paragraph.

(D)(i) Each guaranty agency desiring a designation under subparagraph (A) shall have a financial and compliance audit of the defaulted loan portfolio of such agency conducted annually by a qualified independent organization or person in accordance with standards established by the Comptroller General and the Secretary. The standards shall include defined statistical sampling techniques designed to measure the performance rating of the guaranty agency for the purpose of this paragraph. Each guaranty agency shall submit the audit required by this subparagraph to the Secretary.

(ii) The Secretary shall make the determination under subparagraph (A) based upon the audits submitted under this subparagraph and other information in his possession. If the results of the audit are not persuasively rebutted by such other information, the Secretary shall inform the guaranty agency that its application for designation as an exceptional guaranty agency has been approved.

(iii) Each guaranty agency shall pay for all of the costs of the audits required by this paragraph.

(iv) Designation as an exceptional guaranty agency may be revoked by the Secretary upon 60 days notice and an opportunity for a hearing before the Secretary upon a finding by the Secretary that the guaranty agency has failed to maintain an overall level of regulatory compliance by the guaranty agency under this paragraph.

(E) For purposes of this paragraph, the term "due diligence requirements" means the activities required to be performed by lenders on delinquent loans under regulations establishing requirements for due diligence by lenders in the collection of guaranty agency loans and the activities required to be performed by guaranty agencies on collection of defaulted loans under fiscal administrative and enforcement requirements issued by the Secretary and any related or successor regulations.

(F) Nothing in this paragraph shall be construed (i) to affect the processing of claims on student loans of eligible lenders not subject to this paragraph, or (ii) to limit the authority of the Secretary to approve more than one standard of due diligence in the collection of loans insured under this part.

* * * * *

(f) PAYMENTS OF CERTAIN COSTS.—

(1) PAYMENTS BASED ON INSURANCE PROGRAM AGREEMENT.—

(A) The Secretary shall make payments in accordance with the

provisions of this paragraph to any guaranty agency for the purposes of—

- (i) the administrative cost of promotion of **[commercial]** eligible lender participation;

* * * * *

SUPPLEMENTAL LOANS FOR STUDENTS

SEC. 428A. (a) * * *

* * * * *

(c) PAYMENT OF PRINCIPAL AND INTEREST.—

(1) **COMMENCEMENT OF REPAYMENT.**—Repayment of principal on loans made under this section shall commence not later than 60 days after the date such loan is disbursed by the lender, or, if the loan is disbursed in multiple installments, not later than 60 days after the disbursement of the last such installment subject to deferral pursuant to sections 427(a)(2)(C) and 428(b)(1)(M). *In the case of a borrower under this section who is also a borrower under a program of student loan insurance covered by an agreement under section 428(b), the repayment period shall commence six months after the student ceases to carry at an eligible institution at least one-half the normal full-time academic workload, as determined by the institution.*

[(2) **CAPITALIZATION OF INTEREST.**—Interest on loans made under this section which are disbursed in installments or, for which payments of principal are deferred under sections 427(a)(2)(C)(i) and 428(b)(1)(M)(i), shall, if agreed upon by the borrower and the lender (A) be paid monthly or quarterly, or (B) be added to the principal amount of the loan no more frequently than quarterly by the lender. Such capitalization of interest shall not be deemed to exceed the annual insurable limit on account of the student.]

(2) **CAPITALIZATION OF INTEREST.**—*Interest on loans made under this section which are disbursed in installments or for which payments of principal are deferred under sections 427(a)(2)(C)(i) and 428(b)(1)(M)(i), shall, if agreed upon by the borrower and the lender (A) be paid monthly or quarterly, or (B) be added to the principal amount of the loan no more frequently than quarterly by the lender. Such capitalization of interest shall not be deemed to exceed the annual insurable limit on account of the student.*

* * * * *

PLUS LOANS

SEC. 428B. (a) **AUTHORITY TO BORROW.**—Parents of a dependent student, *who have no adverse credit history determined pursuant to regulations of the Secretary,* shall be eligible to borrow funds under this section in amounts specified in subsection (b), and unless otherwise specified in **[subsections (c) and (d)]** *subsections (c), (d), and (e),* such loans shall have the same terms, conditions, and benefits as all other loans made under this part. Whenever necessary to carry out the provisions of this section, the terms “student” and

"borrower" as used in this part shall include a parent borrower under this section.

[(b) LIMITATIONS ON AMOUNTS OF LOANS.—

[(1) ANNUAL LIMIT.—Subject to paragraphs (2) and (3), the maximum amount parents may borrow for one student in any academic year or its equivalent (as defined by regulation of the Secretary) is \$4,000.

[(2) AGGREGATE LIMIT.—The aggregate insured principal amount for insured loans made to parents on account of a student shall not exceed \$20,000.

[(3)] (b) LIMITATION BASED ON NEED.—Any loan under this section may be counted as part of the expected family contribution in the determination of need under this title, but no loan may be made to any parent under this section for any academic year in excess of (A) the student's estimated cost of attendance, minus (B) other financial aid as certified by the eligible institution under section 428(a)(2)(A). The annual insurable limit on account of any student shall not be deemed to be exceeded by a line of credit under which actual payments to the borrower will not be made in any year in excess of the annual limit.

(c) PLUS LOAN DISBURSEMENT.—*All loans made under this section shall be disbursed by—*

(1) an electronic transfer of funds from the lender to the eligible institution; or

(2) making the loan copayable to the eligible institution and the parent borrower.

[(c)] (d) PAYMENT OF PRINCIPAL AND INTEREST.—

[(1) COMMENCEMENT OF REPAYMENT.—Repayment of principal on loans made under this section shall commence not later than 60 days after the date such loan is disbursed by the lender, subject to deferral (A) during any period during which the parent meets the conditions required for a deferral under clause (i), (viii), or (ix) of section 427(a)(2)(C) or 428(b)(1)(M); and (B) during any period during which the borrower has a dependent student for whom a loan obligation was incurred under this section and who meets the conditions required for a deferral under clause (i) of either such section.]

(1) COMMENCEMENT OF REPAYMENT.—Repayment of principal on loans made under this section shall commence not later than 60 days after the date such loan is disbursed by the lender, subject to deferral during any period during which the parent meets the conditions required for a deferral under section 427(a)(2)(C) or 428(b)(1)(M).

[(2) CAPITALIZATION OF INTEREST.—Interest on loans made under this section for which payments of principal are deferred pursuant to paragraph (1) of this subsection shall, if agreed upon by the borrower and the lender (A) be paid monthly or quarterly or (B) be added to the principal amount of the loan on a quarterly basis by the lender. Such capitalization of interest shall not be deemed to exceed the annual insurable limit on account of the student.]

(2) CAPITALIZATION OF INTEREST.—Interest on loans made under this section for which payments of principal are deferred

pursuant to paragraph (1) of this subsection shall, if agreed upon by the borrower and the lender (A) be paid monthly or quarterly, or (B) be added to the principal amount of the loan no more frequently than quarterly by the lender. Such capitalization of interest shall not be deemed to exceed the annual insurable limit on account of the student.

[(d)] REFINANCING.—

(1) * * *

CONSOLIDATION LOANS

SEC. 428C. (a) AGREEMENTS WITH ELIGIBLE LENDERS.—

(1) * * *

(3) **DEFINITION OF ELIGIBLE BORROWER.**—(A) For the purpose of this section, the term “eligible borrower” means a borrower who, at the time of application for a consolidation loan—

(i) has an outstanding indebtedness on eligible student loans, at the time of application for a consolidation loan, of not less than **[\$5,000]** \$10,000; and

[(ii) is in repayment status, or in a grace period preceding repayment, and is not delinquent with respect to any required payment on such indebtedness by more than 90 days.]

(ii) is in repayment status, or in a grace period preceding repayment, or is a delinquent or defaulted borrower who will reenter repayment through loan consolidation.

(B) **[An individual's status as an eligible borrower under this section terminates upon receipt of a consolidation loan under this section except with respect to eligible student loans received after the date of receipt of the consolidation loan.]** *An individual's status as an eligible borrower under this section terminates upon receipt of a consolidation loan under this section except (i) that loans received prior to the date of the consolidation loan may be added to the consolidation loan during the 180-day period following the making of the consolidation loan; and (ii) with respect to eligible student loans received after the date of receipt of the consolidation loan. Loans made under this section shall, to the extent used to discharge loans made under this title, be counted against the applicable limitations on aggregate indebtedness contained in sections 425(a)(2), 428(b)(1)(B), 428A(b)(2), and 464(a)(2). Nothing in this subparagraph shall be interpreted to authorize the Secretary to require lenders, holders, or guarantors of consolidation loans to receive, to maintain, or to make reports with respect to pre-existing records relating to any eligible student loan (as defined under section 428C(a)(4)) discharged by a borrower in receiving a consolidation loan.*

(C)(i) A married couple, each of whom has eligible student loans, may be treated as if they were an individual borrowing under subparagraphs (A) and (B) if they agree to be held jointly

and severally liable for the repayment of a consolidation loan, without regard to the amounts of their respective loan obligations that are to be consolidated, and without regard to any subsequent change that may occur in their marital status.

(ii) Only one spouse in a married couple applying for a consolidation loan under this subparagraph need meet any of the requirements of subparagraph (A) of this section, except that each spouse shall (I) individually make the initial certification that no other application is pending provided for in subsection (b)(1)(A), and (II) agree to notify the holder concerning any change of address as provided for in subsection (b)(4).

(4) **DEFINITION OF ELIGIBLE STUDENT LOANS.**—For the purpose of paragraph (1), the term “eligible student loans” means loans—

[(A) made, insured, or guaranteed under this part except for loans made to parent borrowers under section 428B, including loans made to parent borrowers under section 428B as in effect prior to the enactment of the Higher Education Amendments of 1986;]

(A) made, insured, or guaranteed under this part, including loans on which the borrower has defaulted (but has made arrangements to repay the obligation on the defaulted loans satisfactory to the Secretary or guaranty agency, whichever insured the loans), except for loans made to parent borrowers under section 428B as in effect prior to the enactment of the Higher Education Amendments of 1986;

(b) **CONTENTS OF AGREEMENTS, CERTIFICATES OF INSURANCE, AND LOAN NOTES.**—

(1) * * *

* * * * *

(4) **TERMS AND CONDITIONS OF LOANS.**—A consolidation loan made pursuant to this section shall be insurable by the Secretary or a guaranty agency pursuant to paragraph (2) only if the loan is made to an eligible borrower who has agreed to notify the holder of the loan promptly concerning any change of address and the loan is evidenced by a note or other written agreement which—

(A) * * *

* * * * *

[(C) provides that periodic installments of principal need not be paid, but interest shall accrue and be paid, during any period for which the borrower would be eligible for a deferral under clause (i), (viii), or (ix) of section 428(b)(1)(M), and that any such period shall not be included in determining the repayment period pursuant to subsection (c)(2) of this section;]

(C) provides that periodic installments of principal need not be paid, but interest shall accrue and be paid by the Secretary, during any period for which the borrower would be eligible for a deferral under section 428(b)(1)(M), and that any such period shall not be included in determining

the repayment period pursuant to subsection (c)(2) of this section;

* * * * *

(c) PAYMENT OF PRINCIPAL AND INTEREST.—

(1) * * *

(2) REPAYMENT SCHEDULES.—(A) Notwithstanding any other provision of this part, to the extent authorized by its certificate of insurance under subsection (b)(2)(F) and approved by the issuer of such certificate, the lender of a consolidation loan shall establish repayment terms as will promote the objectives of this section, which **[may]** *shall* include the establishment of graduated or income sensitive repayment schedules. **[Such** repayment terms shall require that if the sum of the consolidation loan and the amount outstanding on other student loans to the individual—

[i] is equal to or greater than \$5,000 but less than \$7,500, then such consolidation loan shall be repaid in not more than 10 years;

[ii] is equal to or greater than \$7,500 but less than \$10,000, then such consolidation loan shall be repaid in not more than 12 years;

[iii] is equal to or greater than \$10,000 but less than \$20,000, then such consolidation loan shall be repaid in not more than 15 years;

[iv] is equal to or greater than \$20,000 but less than \$45,000, then such consolidation loan shall be repaid in not more than 20 years; or

[v] is equal to or greater than \$45,000, then such consolidation loan shall be repaid in not more than 25 years. **]** Such repayment terms shall require that if the sum of the consolidation loan and the amount outstanding on other student loans to the individual—

(i) is equal to or greater than \$10,000 but less than \$20,000, then such consolidation loan shall be repaid in not more than 15 years;

(ii) is equal to or greater than \$20,000 but less than \$40,000, then such consolidation loan shall be repaid in not more than 20 years;

(iii) is equal to or greater than \$40,000 but less than \$60,000, then such consolidation loan shall be repaid in not more than 25 years; or

(iv) is equal to or greater than \$60,000, then such consolidation loan shall be repaid in not more than 30 years.

* * * * *

REQUIREMENTS FOR DISBURSEMENT OF STUDENT LOANS

SEC. 428G. (a) * * *

(b) DISBURSEMENT AND ENDORSEMENT REQUIREMENTS.—

(1) * * *

* * * * *

(3) PENALTIES TO STUDENTS PROHIBITED.—No institution may penalize any student by, for example, assessing any late fees or denying a student access to classes, libraries or computer facilities because of a student's inability to meet his or her obliga-

tions to the institution caused by the delayed disbursement of loan proceeds provided for in this subsection.

(c) METHOD OF MULTIPLE DISBURSEMENT.—Disbursements under subsection (a)—

(1) shall be made in accordance with a schedule provided by the institution (under section 428(a)(2)(A)(i)(III)) that complies with the requirements of this section; [and]

(2) may be made directly by the lender or, in the case of a loan under sections 428 and 428A, may be disbursed pursuant to the escrow provision of section 428(i) [.] ; and

(3) may, with the permission of the borrower, be disbursed on a weekly or monthly basis, consistent with paragraph (1) of this subsection.

(d) WITHHOLDING OF SECOND DISBURSEMENT.—

(1) * * *

(2) **STUDENTS RECEIVING OVER-AWARDS.**—If the sum of a disbursement for any student and the other financial aid obtained by such student exceeds the amount of assistance for which the student is eligible under this title, the institution such student is attending shall withhold and return to the lender or escrow agent the portion (or all) of such installment that exceeds such eligible amount, except that, this provision shall not apply to the \$300 overaward allowance under section 443(b)(4) of Part C for students receiving assistance under that part. Any portion (or all) of a disbursement installment which is so returned shall be credited to the borrower's loan and treated as a prepayment thereon.

* * * * *

UNSUBSIDIZED STAFFORD LOANS FOR MIDDLE-INCOME BORROWERS

SEC. 428H. (a) IN GENERAL.—It is the purpose of this section to authorize insured loans under this part for borrowers who do not qualify for Federal interest subsidy payments under section 428 of this Act. Except as provided in this section, all terms and conditions for Federal Stafford loans established under section 428 shall apply to loans made pursuant to this section.

(b) ELIGIBLE BORROWERS.—Any student meeting the definition of student eligibility under section 484 shall be entitled to borrow an unsubsidized Stafford loan. Such student shall provide to the lender a statement from the eligible institution at which the student has been accepted for enrollment, or at which the student is in attendance, which—

(1) sets forth such student's estimated cost of attendance (as determined under section 472);

(2) sets forth such student's estimated financial assistance, including a loan which qualifies for subsidy payments under section 428 (as defined in section 428(a)(2)(C)(i); and

(3) certifies the eligibility of the student to receive a loan under this section and the amount of the loan for which such student is eligible, in accordance with subsection (c).

(c) DETERMINATION OF AMOUNT OF LOAN.—The determination of the amount of a loan by an eligible institution under subsection (b) shall be calculated by subtracting from the estimated cost of attend-

ance at the eligible institution any estimated financial assistance reasonably available to such student. An eligible institution may not, in carrying out the provisions of subsection (b) of this section, provide a statement which certifies the eligibility of any student to receive any loan under this section in excess of the maximum amount applicable of such loan.

(d) **LOAN LIMITS.**—The annual and aggregate limits for loans under this section shall be the same as those established under section 428(b)(1), less any amount received by such student pursuant to the subsidized Stafford Loan Program established under section 428.

(e) **PAYMENT OF PRINCIPAL AND INTEREST.**—

(1) **COMMENCEMENT OF REPAYMENT.**—Repayment of principal on loans made under this section shall commence 6 months after the month in which the student ceases to carry at least one-half the normal full-time workload as determined by the institution.

(2) **CAPITALIZATION OF INTEREST.**—Interest on loans made under this section for which payments of principal are not required during the in-school and grace periods or are deferred under sections 427(a)(2)(C) and 428(b)(1)(M) shall, if agreed upon by the borrower and the lender (A) be paid at least quarterly or (B) be added to the principal amount of the loan on a quarterly basis by the lender. Such capitalization of interest shall not be deemed to exceed the annual insurable limit on account of the student.

(3) **SUBSIDIES PROHIBITED.**—No payments to reduce interest costs shall be paid pursuant to section 428(a) of this part on loans made pursuant to this section.

(4) **APPLICABLE RATES OF INTEREST.**—Interest on loans made pursuant to this section shall be at the applicable rate of interest provided in section 427A(d).

(f) **INSURANCE PREMIUM.**—

(1) **AMOUNT OF INSURANCE PREMIUM.**—No origination fee shall be collected on a loan made pursuant to this section. However, the lender shall charge the borrower an insurance premium in an amount of 3 percent of the principal amount of the loan, to be deducted proportionately from each installment payment of the proceeds of the loan prior to payment to the borrower.

(2) **RELATION TO APPLICABLE INTEREST.**—Such insurance premium shall not be taken into account for purposes of determining compliance with section 427A.

(3) **DISCLOSURE REQUIRED.**—The lender shall disclose to the borrower the amount and method of calculating the insurance premium.

(4) **USE OF INSURANCE PREMIUM TO OFFSET DEFAULT COSTS.**—Each lender making loans under this section shall transmit all insurance premiums authorized to be collected from borrowers to the Secretary, who shall use such premiums to pay the Federal costs of default claims paid for loans under this section and to reduce the cost of special allowances paid thereon, if any, under section 438(b).

(g) **SINGLE APPLICATION FORM.**—Where practicable, a guaranty agency shall use a single application form for subsidized Stafford loans made pursuant to section 428 and for unsubsidized Stafford loans made pursuant to this section.

EXTENDED COLLECTION DEMONSTRATION PROGRAM

SEC. 428I. (a) AGREEMENTS FOR DEMONSTRATION PROGRAM.—(1) The Secretary shall, in accordance with the provisions of this section, enter into agreements with guaranty agencies for the establishment of not to exceed 9 demonstration programs designed to reduce defaults under this part through extended efforts on delinquent student loans originally guaranteed by such agencies.

(b) **SELECTION OF PARTICIPANTS.**—(1) Each guaranty agency desiring to participate in the program authorized by this section shall submit an application to the Secretary at such time and in such manner as the Secretary may prescribe.

(2) The Secretary shall select participants to establish extended collection programs under this section on the basis of—

(A) the applicant's experience and success in working with borrowers and eligible lenders to prevent default, including the use of forbearance;

(B) the applicant's experience and success in the use of preclaims assistance and supplemental preclaims assistance to reduce defaults;

(C) evidence that the applicant will use the program authorized by this section for borrowers who attend all types of institutions of higher education, in a manner which substantially reflects the overall loans guaranteed by the applicant which are delinquent;

(D) the novel and innovative approaches that the applicant proposes to use in the extended collection demonstration program; and

(E) the commitment of the applicant to the program, as documented in the application.

(3) Each such application shall include—

(A) the modified lender agreement the guaranty agency has adopted by use by eligible lenders participating in the program;

(B) a description of the novel and innovative approaches that the applicant will use in the extended collection demonstration program; and

(C) such additional information as the Secretary may reasonably require to evaluate applications.

(4) In selecting participants under this section, the Secretary shall give priority to applications submitted by guaranty agencies having extensive experience in the administration and collection of student loans, either directly or through use of contract loan services.

(c) **PROGRAM AGREEMENT.**—Each agreement entered into under this section shall include—

(1) the provision of individualized or flexible repayment plans, including plans designed to meet the needs of borrowers participating in the program who face financial difficulty in repaying their loan;

(2) the performance of aggressive and concentrated due diligence efforts by the holder; and

(3) a requirement that eligible lenders furnish to the guaranty agency records of collection efforts and techniques, as specified by the guaranty agency or the Secretary, or both.

(d) **ELIGIBILITY OF LOANS FOR INCLUSION IN THE PROGRAM.**—Loans made under this part shall be eligible for extended collection pursuant to this section if—

(1) the location of the borrower is known;

(2) the borrower has made no payments or has missed at least two consecutive payments;

(3) the loans are at least 120 days but less than 180 days delinquent, and all due diligence required has been performed;

(4) the loan entered repayment if fiscal year 1990 or later;

(5) the participating guaranty agency has provided preclaims assistance pursuant to a request by the eligible lender at 60 to 90 days of delinquency; and

(6) the eligible lender providing extended collection efforts is not in possession of information that the loan may be uncollectible.

(e) **LENDER ELIGIBILITY TO PARTICIPATE.**—An eligible lender may participate in the program authorized by this section pursuant to an agreement entered into under subsection (a) if—

(1) the eligible lender has an agreement with the guaranty agency with which the application is being filed for the guaranty of consolidation loans under section 428C;

(2) the eligible lender is not subject to a limitation, suspension, or termination agreement or Default Management Plan under this part; and

(3) the eligible lender meets such other criteria as the guaranty agency and the Secretary may reasonably require.

(f) **EXTENDED COLLECTION PERIOD.**—Notwithstanding any other provision of law, loans held pursuant to this part and included in the program authorized by this section may be held by the eligible lender for—

(1) 540 days after the loan becomes delinquent with respect to any installment;

(2) not more than 30 days after the eligible lender participating under this section determines in accordance with guidelines promulgated by the guaranty agency, that no further collection effort on the loan is likely to result in repayment by the borrower; or

(3) a period that is within 30 days after notification from the guaranty agency, but no earlier than the 270th day of delinquency, whichever comes first.

(g) **REPORTS TO THE SECRETARY AND TO THE CONGRESS.**—(1) Each participant under an agreement with the Secretary to offer an extended collection program shall submit a report once a year to the Secretary describing—

(A) the effectiveness of the program, including statistics on the number of accounts brought into repayment between the 180th day and the submission of the claim;

(B) a statistical summary of the basis for cures of delinquent loans brought current through the program, including specific

summaries of the numbers of loans brought into repayment through forbearances, payments, and loan consolidation;

(C) information on strategies used by eligible lenders in the program to effectuate the initiation of repayment; and

(D) evidence of efforts to use the program authorized by this section for borrowers who attended traditional 4-year institutions, community colleges, and vocational and technical schools, which substantially reflect the overall portfolio of the eligible lenders.

(2) The Secretary shall, not later than September 30, 1993, prepare and submit an interim report and not later than September 30, 1995, prepare and submit a final report on the demonstration project authorized by this section. The report shall evaluate the results of the demonstration conducted under this section, assess the costs and benefits of this demonstration and include such recommendations as the Secretary may deem appropriate, including expansion of the demonstration program.

(h) **REGULATIONS.**—The Secretary shall prescribe regulations for the administration of this section within 120 days of the enactment of this Act.

(i) **APPLICABILITY OF OTHER TERMS, CONDITIONS, AND BENEFITS.**—A loan subject to the provisions of this section shall be subject to the same terms and conditions and qualify for the same benefits and privileges as other loans made under this part, except as otherwise specifically provided for in this section.

(j) **TERMINATION.**—The demonstration program shall terminate on September 30, 1995.

* * * * *

INSURANCE FUND

SEC. 431. (a) * * *

* * * * *

(c) **USE FOR DEFAULT REDUCTION MANAGEMENT.**—(1) **USE REQUIRED.**—The Secretary shall expend no less than \$25,000,000 for fiscal year 1993 and each of the four succeeding fiscal years from funds under this section for default reduction management activities. Such funds shall be in addition to, and not in lieu of, other appropriations made for such purposes.

(2) **ALLOWABLE ACTIVITIES.**—Allowable activities for which such funds shall be expended by the Secretary shall include (but not be limited to) the following: (A) program reviews; (B) audits; (C) debt management programs; (D) training activities; and (E) such other management improvement activities approved by the Secretary.

(3) **PLAN FOR USE REQUIRED.**—The Secretary shall submit a plan, for inclusion in the materials accompanying the President's budget each fiscal year, detailing the expenditure of funds authorized by this section. At the conclusion of each fiscal year, the Secretary shall report his findings and activities concerning the expenditure of funds authorized by this section to the Appropriations Committees of the House of Representatives and the Senate and to the Committee on Education and Labor of the House and the Committee on Labor and Human Resources of the Senate.

(4) **TRAINING ACTIVITIES.**—Not less than \$5,000,000 for fiscal year 1993 and each of the four succeeding fiscal years of the amount made available under paragraph (1) of this subsection shall be used to carry out section 486 of this Act.

LEGAL POWERS AND RESPONSIBILITIES

SEC. 432. (a) GENERAL POWERS.—In the performance of, and with respect to, the functions, powers, and duties, vested in him by this part, the Secretary may—

(1) prescribe such regulations as may be necessary to carry out the purposes of this part *including regulations with respect to third party servicers to ensure sound management and accountability of programs under this part;*

* * * * *

(h) **AUTHORITY OF THE SECRETARY TO IMPOSE AND ENFORCE LIMITATIONS, SUSPENSIONS, AND TERMINATIONS.**—

(1) * * *

(2) **REVIEW OF SANCTIONS ON LENDERS.**—(A) The Secretary shall, in accordance with sections 556 and 557 of title 5, United States Code, review each limitation, suspension, or termination imposed by any guaranty agency pursuant to section 438(b)(1)(U) within 60 days after receipt by the Secretary of a notice from the guaranty agency of the imposition of such limitation, suspension, or termination, unless the right to such review is waived in writing by the lender. [The Secretary shall disqualify such lender from participation in the student loan insurance program of each of the guaranty agencies under this part, and notify such guaranty agencies of such disqualification—] *The Secretary shall uphold the imposition of such limitation, suspension, or termination in the student loan insurance program of each of the guaranty agencies under this part, and shall notify such guaranty agencies of such action—*

(i) if such review is waived; or

(ii) if such review is not waived, unless the Secretary determines that the limitation, suspension, or termination was not imposed in accordance with requirements of such section.

* * * * *

(k) **REGULATIONS ON STANDARDIZATION AND SIMPLIFICATION OF FORMS AND PROCEDURES.**—(1) *Within 270 days following the enactment of this Act, guaranty agencies, lenders, institutions of higher education, third party servicers and other organizations involved in providing loans under this part shall make recommendations to the Secretary, which the Secretary shall promulgate as regulations to simplify administration of the loan programs authorized under this part and to eliminate differences between forms, procedures and standards between guaranty agencies. Such regulations shall be designed to—*

(A) *simplify all aspects of the student loan process to simplify the application, disbursement and origination processes, communications with lenders and guarantors, and to enhance understanding of the loan obligation on the part of borrowers;*

(B) simplify fulfillment of institutional responsibilities under this part by institutions of higher education;

(C) improve the administration and oversight of the program by the United States Department of Education.

(2) Such regulations shall include—

(A) standardization of computer formats, forms design and guaranty agency procedures relating to the origination, servicing and collection of loans made under this part;

(B) authorization of alternate means of documents retention, including the use of microfilm, microfiche, laser disc, compact disc, and other methods allowing the production of a facsimile of the original documents;

(C) authorization of the use of computer or similar electronic methods of maintaining records relating to the performance of servicing, collection and other regulatory requirements under this Act; and

(D) authorization and implementation of electronic data linkages for the exchange of information to and from lenders, guarantors, institutions of higher education, third party servicers, and the Department for student status confirmation reports, claim filing, interest and special allowance billing, deferment processing, and all other administrative steps relating to loans made pursuant to this part where using electronic data linkage is feasible.

(3) If guaranty agencies, lenders, institutions of higher education, and other organizations involved in providing loans under this part are unable to agree upon recommendations to standardize and simplify forms and procedures within 270 days of enactment of the Higher Education Amendments of 1992, the Secretary is authorized to issue such regulations meeting the requirements of this subsection as he shall deem appropriate.

(4) The Secretary shall seek additional recommendations from guaranty agencies, lenders, institutions of higher education, third party servicers and other organizations involved in providing loans under this part, no less frequently than annually, for additional methods of simplifying and standardizing the administration of the programs authorized by this part.

(1) STANDARDIZATION OF DATA REPORTING.—(1) The Secretary shall promulgate standards including necessary rules, regulations (including the definitions of all relevant terms) and procedures so as to require all lenders and guaranty agencies to report information on all aspects of loans made under this part in uniform formats, so as to permit the direct comparison of data submitted by individual lenders, servicers or guaranty agencies.

(2) For the purpose of establishing standards under this section, the Secretary shall—

(A) adopt the recommendation of guaranty agencies, lenders, institutions of higher education, and organizations representing these groups, if submitted to the Secretary within 270 days of the date of the enactment of the Higher Education Amendments of 1992;

(B) develop standards designed to be implemented by all guaranty agencies and lenders with minimum modifications to existing data processing hardware and software;

(C) publish the specifications selected to be used, so as to encourage the automation of exchanges of information between all parties involved in loans under this part.

(m) **PROGRAM TO ENCOURAGE EMPLOYER REPAYMENT.**—The Secretary shall undertake a program to encourage corporations and other private and public employers, including the Federal Government, to assist borrowers in repaying loans received under this title, including providing employers with options for payroll deduction of loan payments and for offering loan repayment matching provisions as part of employee benefit packages. The Secretary shall publicize models for providing such repayment assistance and each year select entities that deserve recognition, through means devised by the Secretary, for their development of innovative plans for providing such assistance to their employees. Within one year after the date of enactment of this Act, the Secretary shall recommend to the appropriate committees in the House and Senate changes to statutes that could be made in order to further encourage such efforts.

(n) **CONSEQUENCES OF GUARANTY AGENCY INSOLVENCY.**—In the event that the Secretary has determined that a guaranty agency is unable to meet its insurance obligations under this part, the holder of loans insured by the guaranty agency may submit insurance claims directly to the Secretary and the Secretary shall pay to the holder the full insurance obligation of the guaranty agency, in accordance with insurance requirements no more stringent than those of the guaranty agency. Such arrangements shall continue until the Secretary is satisfied that the loans have been transferred to another guarantor who can meet the insurance obligations of a successor will assume the outstanding insurance obligations.

STUDENT LOAN INFORMATION BY ELIGIBLE LENDERS

SEC. 433. (a) REQUIRED DISCLOSURE BEFORE DISBURSEMENT.—Each eligible lender shall, at or prior to the time such lender disburses a loan which is insured or guaranteed under this part (other than a loan made under section 428C), provide thorough and accurate loan information on such loan to the borrower. Any disclosure required by this subsection may be made by an eligible lender as part of the written application material provided to the borrower, or as part of the promissory note evidencing the loan, or on a separate written form provided to the borrower. The disclosure shall include—

(1) * * *

* * * * *

(3) the amount of any charges, such as the *interest rates*, origination fee and insurance premium, collected by the lender at or prior to the disbursement of the loan and whether such charges are deducted from the proceeds of the loan or paid separately by the borrower;

[(4) the stated interest rate on the loan;

[(5) the yearly and cumulative maximum amounts that may be borrowed;]

[(6)] (4) an explanation of when repayment of the loan will be required and when the borrower will be obligated to pay interest that accrues on the loan;

[(7) a statement as to the minimum and maximum repayment term which the lender may impose, and the minimum annual payment required by law;]

[(8)] (5) a statement of the total cumulative balance, including the loan applied for, owed by the student to that lender, and an estimate of the projected monthly payment, given such cumulative balance;

[(9) an explanation of any special options the borrower may have for loan consolidation or other refinancing of the loan;

[(10) a statement that the borrower has the right to prepay all or part of the loan, at any time, without penalty, a statement summarizing circumstances in which repayment of the loan or interest that accrues on the loan may be deferred, and a brief notice of the program for repayment of loans, on the basis of military service, pursuant to section 902 of the Department of Defense Authorization Act, 1981 (10 U.S.C. 2141, note);

[(11)] (6) a definition of default and the consequences to the borrower if the borrower defaults, including a statement that the default will be reported to a credit bureau or credit reporting agency; and

[(12) to the extent practicable, the effect of accepting the loan on the eligibility of the borrower for other forms of student assistance; and

[(13) an explanation of any cost the borrower may incur in the making or collection of the loan.]

(7) a statement that —

(A) *the borrower's loan repayment obligation is separate and distinct from the institution's obligation to the borrower and that, except in the case of a loan originated by the institution, a failure by the institution to comply with any Federal, State, or local law cannot excuse any portion of the borrower's obligation to repay the loan;*

(B) *prominently and clearly states that the borrower is receiving a loan which must be repaid.*

For purposes of paragraph (7), an institution shall be deemed to have "originated" a loan if a special relationship exists between the institution and lender with respect to the loan—

(i) under which the lender delegates to the institution substantial loan-making functions normally performed by lenders in making loans under this part; and

(ii) which is evidenced by (i) a written agreement between the institution and the lender providing for such delegation; or (ii) in the case of an institution which, with the consent of the lender, completes the lender's section of the loan application on behalf of the lender and signs such application as agent for the lender.

* * * * *

DEFINITIONS FOR STUDENT LOAN INSURANCE PROGRAM

SEC. 435. As used in this part:

(a) ELIGIBLE INSTITUTION.—

[(1) IN GENERAL.—Subject to subsection (n), the term "eligible institution" means—

[(A) an institution of higher education;

[(B) a vocational school; or

[(C) with respect to students who are nationals of the United States, an institution outside the United States which is comparable to an institution of higher education or to a vocational school and which has been approved by the Secretary for the purpose of this part,

except that such term does not include any such institution or school which employs or uses commissioned salesmen to promote the availability of any loan program described in section 428(a)(1), 428A, or 428B at that institution or school.】

(1) *IN GENERAL.*—*Except as provided in paragraph (2), the term “eligible institution” means an institution of higher education, as defined in section 481.*

[(2) **FOREIGN MEDICAL SCHOOLS.**—For the purpose of qualifying an institution under paragraph (1)(C) of this subsection, the Secretary shall establish criteria by regulation. In the case of a graduate medical school outside the United States, such criteria shall include a requirement that a student attending a medical school is ineligible for loans made, insured, or guaranteed under this part unless at least 60 percent of the students enrolled in such school are nationals of the country in which the school is located. A school that is unable to meet that criteria may establish the eligibility of its students for such loans if the United States nationals attending such school achieve a pass rate on the examinations administered by the Educational Commission for Foreign Medical Graduates that is—

[(A) not less than 45 percent for students taking such examination in the first and second years after the date of enactment of the Higher Education Amendments of 1986; and

[(B) not less than 50 percent for students taking such examination in any subsequent year.

[(3) (2) **INELIGIBILITY BASED ON HIGH DEFAULT RATES.**—(A) An institution whose cohort default rate is equal to or greater than the threshold percentage specified in subparagraph (B) for each of the three most recent fiscal years for which data are available shall not be eligible to participate in a program under this part for the fiscal year for which the determination is made and for the two succeeding fiscal years, unless, within 30 days of receiving notification from the Secretary of the loss of eligibility under this paragraph, the institution appeals the loss of its eligibility to the Secretary. The Secretary shall issue a decision on any such appeal within 45 days after its submission. Such decision may permit the institution to continue to participate in a program under this part if—

(i) * * *

* * * * *

[(b) **INSTITUTION OF HIGHER EDUCATION**—the term “institution of higher education” means an educational institution in any State which—

[(1) admits as regular students only persons having a certificate of graduation from a school providing secondary educa-

tion, or the recognized equivalent of such certificate, or who are beyond the age of compulsory school attendance;

[(2) is legally authorized within such State to provide a program of education beyond secondary education;

[(3) provides an education program for which it awards a bachelor's degree or provides not less than a 2-year program which is acceptable for full credit toward such a degree, or in the case of a hospital or health care facility, which provides training of not less than one year for graduates of accredited health professions programs, leading to a degree or certificate upon completion of such training;

[(4) is a public or other nonprofit institution; and

[(5) is accredited by a nationally recognized accrediting agency or association approved by the Secretary for this purpose or, if not so accredited—

[(A) is an institution with respect to which the Secretary has determined that there is satisfactory assurance, considering the resources available to the institution, the period of time, if any, during which it has operated, the effort it is making to meet accreditation standards, and the purpose for which this determination is being made, that the institution will meet the accreditation standards of such an agency or association within a reasonable time; or

[(B) is an institution whose credits are accepted on transfer by not less than three institutions which are so accredited for credit on the same basis as if transferred from an institution so accredited.

Such term includes any school which provides not less than a 1-year program of training to prepare students for gainful employment in a recognized occupation and which meets the provisions of paragraphs (1), (2), (4), and (5). If the Secretary determines that a particular category of such schools does not meet the requirements of paragraph (5) because there is no nationally recognized accrediting agency or association qualified to accredit schools in such category, the Secretary shall, pending the establishment of such an accrediting agency or association, appoint an advisory committee, composed of persons specially qualified to evaluate training provided by schools in such category, which shall (i) prescribe the standards of content, scope, and quality which must be met in order to qualify schools in such category to participate in the program pursuant to this part, and (ii) determine whether particular schools not meeting the requirements of paragraph (5) meet those standards. For the purpose of this subsection, the Secretary shall publish a list of nationally recognized accrediting agencies or associations which the Secretary determines to be reliable authorities as to the quality of training offered.

[(c) VOCATIONAL SCHOOL.—The term “vocational school” means a business or trade school, or technical institution or other technical or vocational school, in any State, which—

[(1) admits as regular students only persons who have completed or left elementary or secondary school or who are beyond the age of compulsory school attendance in the State in

which the institution is located from the training offered by such institution;

[(2) is legally authorized to provide, and provides within that State, a program of postsecondary vocational or technical education designed to fit individuals for useful employment in recognized occupations;

[(3) has been in existence for 2 years or has been specially accredited by the Secretary as an institution meeting the other requirements of this subsection; and

[(4) is accredited—

[(A) by a nationally recognized accrediting agency or association listed by the Secretary pursuant to this paragraph;

[(B) if the Secretary determines that there is no nationally recognized accrediting agency or association qualified to accredit schools of a particular category, by a State agency listed by the Secretary pursuant to this paragraph; and

[(C) if the Secretary determines there is no nationally recognized or State agency or association qualified to accredit schools of a particular category, by an advisory committee appointed by the Secretary and composed of persons specially qualified to evaluate training provided by schools of that category, which committee shall prescribe the standards of content, scope, and quality which must be met by those schools in order for loans to students attending them to be insurable under this part and shall also determine whether particular schools meet those standards.

For the purpose of this subsection, the Secretary shall publish a list of nationally recognized accrediting agencies or associations and State agencies which the Secretary determines to be reliable authority as to the quality of education or training afforded.]

(d) ELIGIBLE LENDER.—

(1) IN GENERAL.—Except as provided in paragraphs (2) through (5), the term “eligible lender” means—

(A) a National or State chartered bank, a mutual savings bank, a savings and loan association, a stock savings bank, [a trust company,] or a credit union which—

(i) is subject to examination and supervision by an agency of the United States or of the State in which its principal place of operation is established, and

(ii) does not have as its primary consumer credit function the making or holding of loans made to students under this part unless (I) it is a bank which is wholly owned by a State, or (II) it is a single wholly owned subsidiary of a bank holding company which does not have as its primary consumer credit function the making or holding of loans made to students under this part[, or (III) it is a trust company which makes student loans as a trustee pursuant to an express trust and which operated as a lender under this part prior to January 1, 1981];

* * * * *

(2) **ADDITIONAL REQUIREMENTS OF ELIGIBLE INSTITUTIONS.**—To be an eligible lender under this part, an eligible institution—

(A) * * *

* * * * *

(C) shall make loans to not more than 50 percent of the undergraduate students at the [institutions; and] institution;

(D) shall not make a loan, other than a loan to a graduate or professional student, unless the borrower has previously received a loan from the school or has been denied a loan by an eligible lender; and

(E) shall not have a cohort default rate above 15 percent as defined in section 435(m); and

(F) shall use the proceeds from special allowance payments and interest payments from borrowers for need-based grant programs, except for reasonable reimbursement for direct administrative expenses.

except that the requirements of subparagraphs (C) and (D) shall not apply with respect to loans made, and loan commitments made, after the date of enactment of the Higher Education Amendments of 1986 and prior to July 1, 1987.

* * * * *

[(g) **TEMPORARILY TOTALLY DISABLED.**—

[(1) **IN GENERAL.**—The term “temporarily totally disabled” when used with respect to a borrower means a borrower who, by reason of injury or illness, cannot be expected to be able to attend an eligible institution or to be gainfully employed during a reasonable period of recovery from such injury or illness not to exceed 3 years.

[(2) **DISABLED DEPENDENT OF A BORROWER.**—Such term when used with respect to a disabled dependent of a borrower means a spouse or other dependent who, during a period of injury or illness of not less than 3 months, requires continuous nursing or similar services.

[(3) **DETERMINATIONS.**—The determination that a borrower, or dependent of the borrower is temporarily totally disabled must be established by a sworn affidavit of a qualified physician.

(h) **PARENTAL LEAVE.**—The term “parental leave” means a period—

[(1) during which the borrower is pregnant, caring for his or her newborn child, or caring for his or her child immediately following the placement of the child through adoption;

[(2) during which such borrower is not in attendance at an eligible institution or gainfully employed; and

[(3) which follows, by 6 months or less, a period during which the borrower was enrolled in at least a half-time course of study at an eligible institution.]

(g) **THIRD PARTY SERVICER.**—The term “third party servicer” means—

(1) any State or private, profit, or nonprofit organization or individual which enters into a contract with any eligible insti-

tution of higher education to administer, through either manual or automated processing, any aspect of such institution's student assistance programs under this title; or

(2) any State or private, profit, or nonprofit organization or individual which enters into a contract with any guaranty agency, or eligible lender, to administer, through either manual or automated processing, any aspect of such guaranty agency's or lender's student loan programs under this part, including, but not limited to, originating, guaranteeing, monitoring, processing, servicing, or collecting loans.

* * * * *

[(n) **IMPACT OF LOSS OF ACCREDITATION.**—An institution may not be certified or recertified as an eligible institution under subsection (a) of this section if such institution has—

[(1) had its institutional accreditation withdrawn, revoked, or otherwise terminated for cause during the preceding 24 months; or

[(2) withdrawn from institutional accreditation voluntarily under a show cause or suspension order during the preceding 24 months;

unless—

[(A) such accreditation has been restored by the same accrediting agency which had accredited it prior to the withdrawal, revocation, or termination; or

[(B) the institution has demonstrated its academic integrity to the satisfaction of the Secretary in accordance with section 1201(a)(5)(A) or (B) of this Act.]

* * * * *

[REPAYMENT BY THE SECRETARY OF LOANS OF BANKRUPT, DECEASED, OR DISABLED BORROWERS]

[SEC. 437. (a) REPAYMENT IN FULL.—If a student borrower who has received a loan described in subparagraph (A) or (B) of section 428(a)(1) dies or becomes permanently and totally disabled (as determined in accordance with regulations of the Secretary), then the Secretary shall discharge the borrower's liability on the loan by repaying the amount owed on the loan.

[(b) REPAYMENT OF AMOUNT DISCHARGED.—If a student borrower who has received a loan described in subparagraph (A) or (B) of section 428(a)(1) is relieved of his obligation to repay such loan, in whole or in part, through a discharge in bankruptcy, the Secretary shall repay the amount of the loan so discharged.]

REPAYMENT BY THE SECRETARY OF LOANS OF BANKRUPT, DECEASED, OR DISABLED BORROWERS; TREATMENT OF BORROWERS ATTENDING CLOSED SCHOOLS OR FALSELY CERTIFIED AS ELIGIBLE TO BORROW

SEC. 437. (a) REPAYMENT IN FULL FOR DEATH AND DISABILITY.—If a student borrower who has received a loan described in subparagraph (A) or (B) of section 428(a)(1) dies or becomes permanently and totally disabled (as determined in accordance with regulations of the Secretary), then the Secretary shall discharge the borrower's liability on the loan by repaying the amount owed on the loan.

(b) **REPAYMENT OF AMOUNT SUBJECT TO BANKRUPTCY ACTION.**—If the collection of a loan described in subparagraph (A) or (B) of section 428(a)(1) or sections 428A, 428B, 428C, or 428H is stayed in any action under the Bankruptcy Code, the Secretary shall repay the unpaid balance of principal and interest owed on the loan.

(c) **WRITE-OFF FOR BORROWERS AT CLOSED SCHOOLS AND FOR BORROWERS WHOSE ELIGIBILITY WAS FALSELY CERTIFIED.**—(1) If a student borrower who received a loan described in subparagraph (A) or (B) of section 428(a)(1) is unable to complete a course of instruction during the loan period for which he borrowed, due to the closing of the eligible institution at which he was in attendance, or if his eligibility to borrow under this part was fraudulently certified by the eligible institution, the Secretary shall discharge the borrower's liability on the loan by repaying the amount owed on the loan and shall pursue any claim available to such borrower against the institution or settle the loan obligation pursuant to the bonding authority under section 487(c)(1)(B).

(2) A borrower whose loan has been discharged pursuant to this subsection shall be deemed to have assigned to the United States the right to a loan refund up to the amount discharged against the institution, its affiliates, and principals.

(3) The period of a student's attendance at an institution at which the student was unable to complete a course of study due to the closing of the institution shall not be considered for purposes of calculating the student's period of eligibility for additional assistance under this title.

(4) A borrower whose loan has been discharged pursuant to this subsection shall not be precluded from receiving additional grants, loans, or work assistance under this title for which he would be otherwise eligible, except for defaulting on a loan which has been discharged.

(5) The Secretary shall report to credit bureaus with respect to loans which have been discharged pursuant to this subsection.

(6) This subsection shall apply to all loans made to borrowers who were in attendance at an institution which ceased to provide instruction on or after January 1, 1986.

SPECIAL ALLOWANCES

SEC. 438. (a) * * *

(b) **COMPUTATION AND PAYMENT.**—

(1) * * *

(5) **DEFINITION OF ELIGIBLE LOAN.**—As used in this section, the term "eligible loan" means a loan—

(A)(i) on which a portion of the interest is paid on behalf of the student and for the student's account to the holder of the loan under section 428(a);

(ii) which is made under section 428A, 428B, 428C, 428H, or 439(o); or

(iii) which was made prior to October 1, 1981; and

(B) which is insured under this part or made under a program covered by an agreement under section 428(b) of this Act.

As used in this section, the term "eligible loan" includes all loans subject to section 428(c)(10).

(c) ORIGINATION FEES.—

(1) * * *

(2) AMOUNT OF ORIGINATION FEES.—**[With]** *Subject to paragraph (6) of this subsection, with respect to any loan (other than loans made under sections 428A, 428B, 428C, and 439(o)) for which a completed note or other written evidence of the loan was sent or delivered to the borrower for signing on or after 10 days after the date of enactment of the Postsecondary Student Assistance Amendments of 1981, each eligible lender under this part is authorized to charge the borrower an origination fee in an amount not to exceed 5 percent of the principal amount of the loan, to be deducted proportionately from each installment payment of the proceeds of the loan prior to payment to the borrower.*

(6) *PHASEOUT OF ORIGINATION FEE.—For each of the following academic years, the origination fee shall not exceed the following percentages of the principal amount of the loan:*

(A) *For the academic year beginning July 1, 1993, 4 percent.*

(B) *For the academic year beginning July 1, 1994, 3 percent.*

(C) *For the academic year beginning July 1, 1995, 2 percent.*

(D) *For the academic year beginning July 1, 1996, 1 percent.*

(E) *For the academic year beginning July 1, 1997, and thereafter, the origination fee shall be zero.*

(d) LENDING FROM PROCEEDS OF TAX EXEMPT OBLIGATIONS.—

(1) * * *

(2) CONTENTS OF PLAN.—Each such plan shall contain provisions designed to assure that—

(A) * * *

(C) student loans will not be purchased from participating lenders at a premium **[or discount]** amounting to more than 1 percent of the unpaid principal amount borrowed plus accrued interest to the date of acquisition, but a reasonable loan transfer fee may be paid by the purchaser;

STUDENT LOAN MARKETING ASSOCIATION

SEC. 439. (a) * * *

[(c) BOARD OF DIRECTORS.—

[(1) **BOARD MEMBERSHIP.**—The Association shall have a Board of Directors which shall consist of twenty-one persons, one of whom shall be designated Chairman by the President.]

[(2) **INTERIM BOARD.**—An interim Board of Directors shall be appointed by the President, one of whom he shall designate an interim Chairman. The interim Board shall consist of twenty-one members, seven of whom shall be representative of banks or other financial institutions which are insured lenders pursuant to this section, seven of whom shall be representative of educational institutions, and seven of whom shall be representative of the general public. The interim Board shall arrange for an initial offering of common and preferred stocks and take whatever other actions are necessary to proceed with the operations of the Association.]

[(3) **REGULAR BOARD.**—When, in the judgment of the President, sufficient common stock of the Association has been purchased by educational institutions and banks or other financial institutions, the holders of common stock which are educational institutions shall elect seven members of the Board of Directors and the holders of common stock which are banks or other financial institutions shall elect seven members of the Board of Directors. The President shall appoint the remaining seven directors, who shall be representative of the general public.]

[(4) **SUCCESSION OF REGULAR BOARD.**—At the time the events described in paragraph (3) have occurred, the interim Board shall turn over the affairs of the Association to the regular Board so chosen or appointed.]

[(5) **TERMS OF APPOINTED AND ELECTED MEMBERS.**—The directors appointed by the President shall serve at the pleasure of the President and until their successors have been appointed and have qualified. The remaining directors shall each be elected for a term ending on the date of the next annual meeting of the common stockholders of the Association, and shall serve until their successors have been elected and have qualified. Any appointive seat on the Board which becomes vacant shall be filled by appointment of the President. Any elective seat on the Board which becomes vacant after the annual election of the directors shall be filled by the Board, but only for the unexpired portion of the term.]

[(6) **MEETINGS AND FUNCTIONS OF BOARD.**—The Board of Directors shall meet at the call of its Chairman, but at least semiannually. The Board shall determine the general policies which shall govern the operations of the Association. The Chairman of the Board shall, with the approval of the Board, select, appoint, and compensate qualified persons to fill the offices as may be provided for in the bylaws, with such executive functions, powers, and duties as may be prescribed by the bylaws or by the Board of Directors, and such persons shall be the executive officers of the Association and shall discharge all such executive functions, powers, and duties.]

(c) **BOARD OF DIRECTORS.**—

(1) **COMPOSITION OF BOARD; CHAIRMAN.**—*The Association shall have a Board of Directors which shall consist of 21 members, 7 of whom shall be appointed by the President of the*

United States and shall be representative of the general public. The remaining 14 directors shall be elected by the common stockholders of the Association entitled to vote pursuant to subsection (f). Commencing with the annual shareholders meeting to be held in 1992—

(A) 7 of the elected directors shall be affiliated with an eligible institution, and

(B) 7 of the elected directors shall be affiliated with an eligible lender.

T 2 President shall designate 1 of the directors to serve as Chairman.

(2) **TERMS OF APPOINTED AND ELECTED MEMBERS.**—The directors appointed by the President shall serve at the pleasure of the President and until their successors have been appointed and have qualified. The remaining directors shall each be elected for a term ending on the date of the next annual meeting of the common stockholders of the Association, and shall serve until their successors have been elected and have qualified. Any appointive seat on the Board which becomes vacant shall be filled by appointment of the President. Any elective seat on the Board which becomes vacant after the annual election of the directors shall be filled by the Board, but only for the unexpired portion of the term.

(3) **AFFILIATED MEMBERS.**—For the purpose of this subsection, the references to a director "affiliated with the eligible institution" or a director "affiliated with an eligible lender" means an individual who is, or within 5 years of election to the Board has been, an employee, officer, director, or similar official of—

(A) an eligible institution or an eligible lender;

(B) an association whose members consist primarily of eligible institutions or eligible lenders; or

(C) a State agency, authority, instrumentality, commission, or similar institution, the primary purpose of which relates to educational matters or banking matters.

(4) **MEETINGS AND FUNCTIONS OF THE BOARD.**—The Board of Directors shall meet at the call of its Chairman, but at least semiannually. The Board shall determine the general policies which shall govern the operations of the Association. The Chairman of the Board shall, with the approval of the Board, select, appoint, and compensate qualified persons to the offices as may be provided for in the bylaws, with such functions, powers, and duties as may be prescribed by the bylaws or by the Board of Directors, and such person shall be the officers of the Association and shall discharge all such functions, powers, and duties.

(d) **AUTHORITY OF ASSOCIATION.**—

(1) * * *

* * * * *

(3) **PERFECTION OF SECURITY INTERESTS IN STUDENT LOANS.**—Notwithstanding the provisions of any State law to the contrary, including the Uniform Commercial Code as in effect in any State, a security interest in insured student loans created on behalf of the Association or any eligible lender as defined in

section 435(a) may be perfected either through the taking of possession of such loans or by the filing of notice of such security interest in such loans in the manner provided by such State law for perfection of security interests in accounts. *The Association may charge interest on any loan on the same basis as national banks located in the District of Columbia and, with respect to loans made through a lender located outside of the District of Columbia, on the same basis as national banks located in the State in which such lender is located.*

* * * * *

(5) **RESTRICTIONS ON FACILITIES AND HOUSING ACTIVITIES.**—Not less than 75 percent of the aggregate dollar amount of obligations bought, sold, held, insured, underwritten, and otherwise supported in accordance with the authority contained in paragraph (1)(C) shall be obligations which are listed by a nationally recognized statistical rating organization at a rating below the **third highest rating** *second highest rating* of such organization.

* * * * *

[(f) STOCK OF THE ASSOCIATION.—

[(1) COMMON STOCK TO THE INSURED LENDERS AND ELIGIBLE INSTITUTIONS ONLY.]—The Association shall have common stock having such par value as may be fixed by its Board of Directors from time to time which may be issued only to lenders under this part, pertaining to guaranteed student loans, who are qualified as insured lenders under this part or who are eligible institutions, as defined in section 435(a), other than an institution outside of the United States.

[(2) VOTING RIGHTS.]—Each share of common stock shall be entitled to one vote with rights of cumulative voting at all elections of Directors. Voting shall be by classes as described in subsection (c)(3).

[(3) NUMBER OF SHARES; TRANSFERABILITY.]—The maximum number of shares of common stock that the Association may issue and have outstanding at any one time shall be fixed by the Board of Directors from time to time. Any common share issued shall be fully transferable, except that, as to the Association, it shall be transferred only on the books of the Association.

[(4) DIVIDENDS.]—To the extent that net income is earned and realized, subject to subsection (g)(2), dividends may be declared on common stock and nonvoting common stock by the Board of Directors. Such dividends as may be declared by the Board shall be paid to the holders of outstanding shares of common stock and nonvoting common stock, except that no such dividends shall be payable with respect to any share which has been called for redemption past the effective date of such call.

[(5) NONVOTING COMMON STOCK.]—The Association is authorized to issue nonvoting common stock having such par value as may be fixed by its Board of Directors from time to time. Any nonvoting common stock shall be freely transferable, except

that, as to the Association, it shall be transferable only on the books of the Association.】

* * * * *

(f) STOCK OF THE ASSOCIATION.—

(1) **VOTING COMMON STOCK.**—The Association shall have voting common stock having such par value as may be fixed by the Board from time to time. Each share of voting common stock shall be entitled to 1 vote with rights of cumulative voting at all elections of directors.

(2) **NUMBER OF SHARES; TRANSFERABILITY.**—The maximum number of shares of voting common stock that the Association may issue and have outstanding at any one time shall be fixed by the Board from time to time. Any voting common stock issue shall be fully transferable, except that, as to the Association, it shall be transferred only on the books of the Association.

(3) **DIVIDENDS.**—To the extent that net income is earned and realized, subject to subsection (g)(2), dividends may be declared on voting common stock by the Board. Such dividends as may be declared by the Board shall be paid to the holders of outstanding shares of voting common stock, except that no such dividends shall be payable with respect to any share which has been called for redemption past the effective date of such call.

(4) **SINGLE CLASS OF VOTING COMMON STOCK.**—As of the effective date of the Student Loan Marketing Association Financial Safety and Soundness Act of 1991, all of the previously authorized shares of voting common stock and nonvoting common stock of the Association shall be converted to shares of a single class of voting common stock on a share-for-share basis, without any further action on the part of the Association or any holder. Each outstanding certificate for voting or nonvoting common stock shall evidence ownership of the same number of shares of voting stock into which it is converted. All preexisting rights and obligations with respect to any class of common stock of the Association shall be deemed to be rights and obligations with respect to such converted shares.

* * * * *

(r) SAFETY AND SOUNDNESS OF ASSOCIATION.—

(1) **REPORTS BY THE ASSOCIATION.**—The Association shall promptly furnish to the Secretary copies of all periodic financial reports publicly distributed by the Association and reports on the Association prepared by nationally recognized statistical rating organizations which are received by the Association.

(2) **AUDIT BY SECRETARY AND ACCESS TO RELEVANT INFORMATION.**—(A) The Secretary is authorized at his discretion to appoint auditors to audit the Association from time to time to determine the condition of the Association for the purpose of assessing its financial safety and soundness. The Secretary is authorized to contract for services of such technical experts as the Secretary deems necessary and appropriate to provide technical assistance to any auditor appointed under this subsection. Each auditor appointed under this subsection shall make an audit of the Association to the extent requested by the Secretary and

shall make a report to the Secretary of the results of such audit. A copy of such report shall be furnished to the Association at the same time it is delivered to the Secretary.

(B) The Association shall provide full and prompt access to the Secretary to its books and records and other information requested by the Secretary.

(3) CAPITAL STANDARD.—If the capital ratio is less than 2 percent at the end of the Association's most recent calendar quarter the Association shall, within 60 days of such occurrence, submit to the Secretary a plan, in reasonable detail, which the Association believes is adequate to cause within 36 months the capital ratio to equal or exceed 2 percent.

(4) CAPITAL PLAN.—

(A) SUBMISSION, APPROVAL, AND IMPLEMENTATION.—(i) The Secretary and the Association shall consult with respect to any plan submitted pursuant to paragraph (3) and the Secretary shall approve such plan (or a modification thereof accepted by the Association) or disapprove such plan within 30 days after such plan is first submitted to the Secretary by the Association, unless the Association and Secretary mutually agree to a longer consideration period. If the Secretary approves a plan (including a modification of a plan accepted by the Association), the Association shall forthwith proceed with diligence to implement such plan to the best of its ability.

(ii) If the Secretary does not approve a plan as provided herein, then not later than the earlier of the date the Secretary disapproves of such plan by written notice to the Association or the expiration of the 30-day consideration period referred to above (as such period may have been extended by mutual agreement), the Secretary shall submit the Association's plan, in the form most recently proposed to the Secretary by the Association, together with a report on his reasons for disapproval of such plan to the Chairman and ranking member of the Senate Committee on Labor and Human Resources and to the Chairman and ranking member of the House Committee on Education and Labor. A copy of such submission simultaneously shall be sent to the Association and the Secretary of Education by the Secretary. Upon receipt of the submission by the Association, it shall forthwith proceed with diligence to implement the most recently proposed plan of the Association. The Association, within 30 days after receipt from the Secretary of such submission, shall submit to such Chairman and ranking members a written response to such submission, setting out fully the nature and extent of its agreement or the disagreement with the Secretary with respect to the plan submitted to the Secretary and any findings of the Secretary.

(B) MODIFIED PLAN.—(i) If the capital ratio does not exceed 1.5 percent, the Association shall submit to the Secretary a modified plan to increase promptly its capital ratio to equal or exceed 1.5 percent. The Secretary and the Association shall consult with respect to any modified plan submitted pursuant to this subparagraph. The Secretary shall

approve such plan (or a modification thereof accepted by the Association) or disapprove such plan within 30 days after such plan is first submitted to the Secretary of the Association, unless the Association and Secretary mutually agree to a longer consideration period. If the Secretary approves a plan (including a modification of a plan accepted by the Association), the Association shall forthwith proceed with diligence to implement such plan to the best of its ability.

(ii) If the Secretary disapproves a plan submitted pursuant to this subparagraph, then, not later than the earlier of the date the Secretary disapproves of such plan (by written notice to the Association) or the expiration of the 30-day consideration period described in clause (i) of this subparagraph (as such period may have been extended by mutual agreement), the Secretary shall prepare and submit a plan, together with a report on his reasons for disapproval of the Association's plan, to the Committee on Labor and Human Resources of the Senate and to the Committee on Education and Labor of the House of Representatives. A copy of such submission simultaneously shall be sent to the Association and the Secretary of Education by the Secretary. The Association, within 5 days after receipt from the Secretary of such submission, shall submit to such Committees a written response to such submission, setting out fully the nature and extent of its agreement or disagreement with the Secretary with respect to the disapproved plan and the plan of the Secretary and any findings of the Secretary. If, within 60 legislative days after the date of the Secretary's submission under this subparagraph, the Congress has not otherwise expressly provided by law, the Association shall forthwith proceed with diligence to implement the plan proposed by the Secretary under this subparagraph. For purposes of this subparagraph, the term "legislative days" means only days on which either House of Congress is in session.

(5) **SUBSTANTIAL CAPITAL RATIO REDUCTION.**—If the capital ratio of the Association does not equal or exceed 1.5 percent, the Secretary may, until the capital ratio equals or exceeds 1.5 percent, take any one or more of the following action:

(A) **LIMIT INCREASE IN LIABILITIES.**—Limit any increase in, or order the reduction of, any liabilities of the Association, except as necessary to fund student loan purchases and warehousing advances.

(B) **RESTRICT GROWTH.**—Restrict or eliminate growth of the Association's assets, other than student loans purchases and warehousing advances.

(C) **RESTRICT DISTRIBUTION.**—Restrict the Association from making any capital distribution.

(D) **REQUIRE ISSUANCE OF NEW CAPITAL.**—Require the Association to issue new capital in any form and in any amount sufficient to restore at least a 1.5 percent capital ratio.

(E) **LIMIT EXECUTIVE COMPENSATION.**—Prohibit the Association from increasing any executive officer any com-

pensation including bonuses at a rate exceeding that officer's average rate of compensation during the previous 12 calendar months and prohibiting the Board from adopting any new employment severance contracts.

(6) **CRITICAL CAPITAL STANDARD.**—If the capital ratio is less than 1 percent at the end of the Association's most recent calendar quarter—

(A) and the Association has already submitted a plan to the Secretary pursuant to paragraph (3), the Association shall forthwith proceed with diligence to implement the most recently proposed plan with such modifications as the Secretary determines are necessary to cause within 60 months the capital ratio to equal or exceed 2 percent; or

(B) and the Association has not submitted a plan to the Secretary pursuant to paragraph (3), the Association shall—

(i) within 14 days of such occurrence submit a plan to the Secretary which it believes is adequate to cause within 60 months the capital ratio to equal or exceed 2 percent; and

(ii) forthwith proceed with diligence to implement such plan with such modifications as the Secretary determines are necessary to cause within 60 months the capital ratio to equal or exceed 2 percent;

the Secretary shall immediately submit the plan to be implemented to the Chairman and ranking member of the Senate Committee on Labor and Human Resources, to the Chairman and ranking member of the House Committee on Education and Labor, and to the Secretary of Education.

(7) **ADDITIONAL REPORTS TO COMMITTEES.**—The Association shall submit a copy of its plan, modifications proposed to the Secretary, and proposed modifications received from the Secretary to the Congressional Budget Office and General Accounting Office upon their submission to the Secretary or receipt from the Secretary. Notwithstanding any other provision of law, the Congressional Budget Office and General Accounting Office shall maintain the confidentiality of information received pursuant to the previous sentence. In the event that the Secretary does not approve a plan as provided in paragraph (4), or in the event that a plan is modified by the Secretary pursuant to paragraph (6), the Congressional Budget Office and General Accounting Office shall each submit a report within 30 days of the Secretary's submission to the Chairmen and ranking members as required in paragraphs (4) and (6) to such Chairmen and ranking members—

(A) analyzing the financial condition of the Association;

(B) analyzing the plan and reasons for its disapproval contained in the Secretary's submission made pursuant to paragraph (4), or the plan proposed by the Association and the modifications made by the Secretary pursuant to paragraph (6);

(C) analyzing the impact of the plan and reasons for its disapproval contained in the Secretary's submission made pursuant to paragraph (4), or the impact of the plan pro-

posed by the Association and the modifications made by the Secretary pursuant to paragraph (6), and analyzing the impact of the recommendations made pursuant to subparagraph (D) of this paragraph, on—

- (i) the ability of the Association to fulfill its purpose and authorized activities as provided in this section, and
 - (ii) the operation of the student loan programs; and
- (D) recommending steps which the Association should take to increase its capital ratio without impairing its ability to perform its purpose and authorized activities as provided in this section.

(8) **REVIEW BY SECRETARY OF EDUCATION.**—The Secretary of Education shall review the Secretary's submission required pursuant to paragraph (4) or (6) and shall submit a report within 30 days to the Chairman and ranking member of the Senate Committee on Labor and Human Resources and to the Chairman and ranking member of the House Committee on Education and Labor—

(A) describing any administrative or legislative provisions governing the student loan programs which contributed to the decline in the Association's capital ratio; and

(B) recommending administrative and legislative changes in the student loan programs to maintain the orderly operation of such programs and to enable the Association to fulfill its purpose and authorized activities consistent with the capital ratio specified in paragraph (3).

(9) **SAFE HARBOR.**—The Association shall be deemed in compliance with the capital ratios described in paragraphs (3) and (5) if—

(A) the Association is rated in 1 of the 2 highest full rating categories (such categories to be determined without regard to designations within categories) by 2 nationally recognized statistical rating organizations determined without regard to the Association's status as a federally chartered corporation; or

(B) the Association is rated in 1 of the 2 highest full rating categories (such categories to be determined without regard to designations within categories) by 1 nationally recognized statistical rating organization determined without regard to the Association's status as a federally chartered corporation and no other such rating organization is willing to provide a rating without regard to the Association's status as a federally chartered corporation.

(10) **TREATMENT OF CONFIDENTIAL INFORMATION.**—Notwithstanding any other provision of law, the Secretary, the Secretary of Education, the Congressional Budget Office, and the General Accounting Office shall not disclose any information treated as confidential by the Association and obtained pursuant to this subsection. Nothing in this paragraph shall authorize the Secretary, the Secretary of Education, the Congressional Budget Office, and the General Accounting Office to withhold information from Congress, or prevent the Secretary of Education, the Congressional Budget Office, and the General Accounting Office

from complying with a request for information from any other Federal department or agency requesting the information for purposes within the scope of its jurisdiction, or complying with an order of a court of the United States in an action brought by the United States. For purposes of section 522 of title 5, United States Code, this paragraph shall be considered a statute described in subsection (b)(3) of such section 552.

(11) **DEFINITIONS.**—As used in this subsection:

(A) The term "nationally recognized statistical rating organization" means any entity recognized as such by the Securities and Exchange Commission.

(B) The term "Secretary" means the Secretary of the Treasury.

(C) The term "capital ratio" means the ratio of total stockholders' equity, as shown on the Association's most recent quarterly consolidated balance sheet prepared in the ordinary course of its business, to the sum of—

(i) the total assets of the Association, as shown on the balance sheet prepared in the ordinary course of its business; and

(ii) 50 percent of the credit equivalent amount of the following off-balance sheet items of the Association as of the date of such balance sheet—

(I) all financial standby letters of credit and other irrevocable guarantees of the repayment of financial obligations of others; and

(II) all interest rate contracts and exchange rate contracts, including interest exchange agreements, floor, cap, and collar agreements and similar arrangements.

For purpose of this subparagraph, the calculation of the credit equivalent amount of the items set forth in clause (ii) of this subparagraph, the netting of such items and eliminations for the purposes of avoidance of double-counting of such items shall be made in accordance with the measures for computing credit conversion factors for off-balance sheet items for capital maintenance purposes established for commercial banks from time to time by the Federal Reserve Board, but without regard to any riskweighing provisions in such measures.

【PART C—WORK-STUDY PROGRAMS】 PART C—FEDERAL WORK STUDY PROGRAMS

PURPOSE; APPROPRIATIONS AUTHORIZED

SEC. 441. (a) * * *

[(b) **AUTHORIZATION OF APPROPRIATIONS.**—There are authorized to be appropriated to carry out this part \$656,000,000 for fiscal year 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years.]

(b) **AUTHORIZATION OF APPROPRIATIONS.**—There are authorized to be appropriated to carry out this part, \$900,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

ALLOCATION OF FUNDS

SEC. 442. (a) * * *

* * * * *

[(e) REALLOCATION OF EXCESS ALLOCATIONS.—(1) If an institution returns to the Secretary any portion of the sums allocated to such institution under this section for any fiscal year the Secretary shall reallocate such excess in accordance with paragraph (2). Any sums reallocated under this subsection may be used in accordance with section 445(a)(2).

[(2) The Secretary shall reallocate not to exceed 25 percent of the amount available pursuant to paragraph (1) to eligible institutions for use in initiating, improving, and expanding programs of community service-learning conducted in accordance with section 447 of this part. The Secretary shall allocate the remainder of the amounts available pursuant to paragraph (1) to eligible institutions based upon the criteria described in section 447(c).]

(e) REALLOCATION OF EXCESS ALLOCATIONS.—(1) If an institution returns to the Secretary any portion of the sums allocated to such institution under this section for any fiscal year the Secretary shall reallocate not to exceed 25 percent of such excess to eligible institutions to carry out the purposes of section 1131. The Secretary shall allocate the remainder of such excess in accordance with section 445(a)(2).

(2) If under paragraph (1) of this subsection an institution returns more than 10 percent of its allocation, the institution's allocation for the next fiscal year shall be reduced by the amount returned. The Secretary may waive this paragraph for a specific institution if the Secretary finds that enforcing it is contrary to the interest of the program.

* * * * *

GRANTS FOR FEDERAL WORK-STUDY PROGRAMS

SEC. 443. (a) * * *

(b) CONTENTS OF AGREEMENTS.—An agreement entered into pursuant to this section shall—

(1) * * *

(2) provide that funds granted an institution of higher education, pursuant to section 443, may be used only to make payments to students participating in work-study programs, except that—

[(A) an institution may use not to exceed 10 percent of the funds granted to the institution in any fiscal year to carry out the work study program described in section 447 at the increased Federal share specified in paragraph (5)(B) of this subsection, and]

(A) an institution may use funds provided under this part to pay eligible students to engage in activities as a mentor for the purpose of—

- (i) tutoring;*
- (ii) supporting educational and recreational activities;*

- (iii) counseling, including career counseling; and
 (iv) other appropriate activities; and

* * * * *

[(3) provide that in the selection of students for employment under such work-study program, only students who demonstrate financial need in accordance with part F of this title, and who meet the requirements of section 484 will be assisted, except that, if the institution's grant under this part is directly or indirectly based in part on the financial need demonstrated by students attending the institution less than full time, a reasonable proportion of the institution's grant shall be made available to such students;

[(4) provide that for a student employed in a work-study program under this part, at the time income derived from any employment (including non-work-study or both) is in excess of the determination of the amount of such student's need by more than \$200, continued employment shall not be subsidized with funds appropriated under this part;]

(3) provide that in the selection of students for employment under such work-study program, only students, who demonstrate financial need in accordance with part F of this title, and who meet the requirements of tion 484 will be assisted, and provide that, if the institution's grant under this part is directly or indirectly based in part on the financial need demonstrated by students who are (A) attending the institution less than full time, (B) age 24 or older, (C) single parents, or (D) independent students, a reasonable proportion of the institution's grant shall be made available to such students;

(4) provide that for a student employed in a work-study program under this part, at the time income derived from any need-based employment is in excess of the determination of the amount of such student's need by more than \$300, continued employment shall not be subsidized with funds appropriated under this part;

[(5) provide that the Federal share of the compensation of students employed in the work study program in accordance with the agreement will not exceed 80 percent for academic years 1987—1988 and 1988—1989, 75 percent for academic year 1989—1990, and 70 percent for academic year 1990—1991 and succeeding academic years, [except that—

[(A) the Federal share may] *except that the Federal share may exceed such amounts of such compensation if the Secretary determines, pursuant to regulations promulgated by the Secretary establishing objective criteria for such determinations, that a Federal share in excess of such amounts is required in furtherance of the purpose of this part;* and

[(B) the Federal share of the compensation of the students employed in the work study for community service-learning programs described in section 447 from funds available under paragraph (2)(A) in accordance with the

agreement will not exceed 90 percent of such compensation;]

* * * * *

(8) provide assurances, in the case of each proprietary institution, that students attending the proprietary institution receiving assistance under this part who are employed by the institution may be employed in jobs—

(A) on campus only;

(B) that, to the maximum extent practicable, complement and reinforce the educational programs or vocational goals of such students; and

(C) furnishing student services, as determined by the Secretary pursuant to regulations, except that no student shall be employed in any position that would involve the solicitation of other potential students to enroll in the school; [and]

(9) provide assurances that employment made available from funds under this part may be used to support programs for supportive services to students with disabilities; and

[(9)] (10) include such other reasonable provisions as the Secretary shall deem necessary or appropriate to carry out the purpose of this part.

* * * * *

(d) *ELIGIBILITY FOR STUDY ABROAD.*—The agreements under this section shall allow an institution of higher education to devise suitable work opportunities for students studying abroad in a program of study abroad approved for credit by the institution, including work for foreign colleges, universities, and nonprofit or service organizations and shall permit the establishment of internship programs involving work for foreign or multinational organizations that are relevant to the student's course of study, including compensation for eligible students from funds under this part.

FLEXIBLE USE OF FUNDS

SEC. 445. (a) * * *

(b) (1) *CARRY-BACK AUTHORITY.*—Up to 10 percent of the sums the Secretary determines an eligible institution may receive from funds which have been appropriated for a fiscal year may be used by the Secretary to make grants under this part to such institution for expenditure during the fiscal year preceding the fiscal year for which the sums were appropriated.

(2) *An eligible institution may make payments to students of wages earned after the end of the academic year, but prior to the beginning of the succeeding fiscal year, from such succeeding fiscal year's appropriations.*

[JOB LOCATION AND DEVELOPMENT PROGRAMS

[SEC. 446. (a) *AGREEMENTS REQUIRED.*—(1) The Secretary is authorized to enter into agreements with eligible institutions under which—

[(A) such institution may use not more than 10 percent or \$30,000 of its allotment under section 442, whichever is less, to establish or expand a program under which such institution, separately or in combination with other eligible institutions, locates and develops jobs for currently enrolled students; and

[(B) such institution may use not more than 10 percent or \$20,000 of its allotment under section 442, whichever is less, to establish or expand a program under which such institution, separately or in combination with other eligible institutions and through formal or informal consultation with local non-profit, governmental, educational, and community-based organizations, locates and develops community services jobs for students eligible under this part.

[(2) Jobs located and developed under subparagraph (A) or (B) of paragraph (1) shall be jobs which are suitable to the scheduling and other needs of such students and which, to the maximum extent practicable, complement and reinforce the educational programs or vocational goals of such students.

[(b) CONTENTS OF AGREEMENTS.—Agreements under subsection (a) shall—

[(1) provide that the Federal share of the cost of any program under this section will not exceed 80 percent of such cost;

[(2) provide satisfactory assurance that funds available under this section will not be used to locate or develop jobs at an eligible institution unless such jobs directly relate to the objectives described in subsection (a)(1)(B) of this section;

[(3) provide satisfactory assurance that funds available under this section will not be used for the location or development of jobs for students to obtain upon graduation, but rather for the location and development of jobs available to students during and between periods of attendance at such institution;

[(4) provide satisfactory assurance that the location or development of jobs pursuant to programs assisted under this section will not result in the displacement of employed workers or impair existing contracts for services;

[(5) provide satisfactory assurance that Federal funds used for the purpose of this section can realistically be expected to help generate student wages exceeding, in the aggregate, the amount of such funds, and that if such funds are used to contract with another organization, appropriate performance standards are part of such contract; and

[(6) provide that the institution will submit to the Secretary an annual report on the uses made of funds provided under this section and an evaluation of the effectiveness of such program in benefiting the students of such institution.

[(c) DEFINITION OF COMMUNITY SERVICE.—For the purpose of this section, the term "community services" means services which are identified by an institution of higher education, through formal or informal consultation with local nonprofit, governmental, and community-based organizations, as designed to improve the quality of life for community residents, particularly low-income individuals, or to solve particular problems related to their needs including, but not limited to, such fields as health care, child care, literacy training, education (including tutorial services), housing and neighbor-

hood improvement, rural development, and community improvement.

[WORK STUDY FOR COMMUNITY SERVICE-LEARNING ON BEHALF OF LOW-INCOME INDIVIDUALS AND FAMILIES]

[SEC. 447. (a) PURPOSE.]—The purpose of this section is to encourage and enable institutions of higher education to develop work study programs involving eligible students in community service-learning designed to develop, improve, or expand services for low-income individuals and families or to solve particular problems related to the needs of low-income individuals.

[(b) DEFINITIONS.]—For the purpose of this section—

[(1) “community service-learning program”] means a program of student work that—

[(A)] provides tangible community services for or on behalf of low-income individuals or families; and

[(B)] to the maximum extent practicable, provides participating students with work-learning opportunities which complement and reinforce their educational programs or vocational goals; and

[(2) “community services”] means services which are identified by an institution of higher education, through formal or informal consultation with local nonprofit, governmental, and community-based organizations, as designed to improve the quality of life for community residents, particularly low-income individuals, or to solve particular problems related to their needs including, but not limited to, such fields as health care, child care, literacy training, education (including tutorial services), welfare, social services, transportation, housing and neighborhood improvement, public safety, crime prevention and control, recreation, rural development and community improvement.

[(c) USE OF OTHER FUNDS TO CONDUCT PROGRAM.]—Each institution participating under this part may use funds made available under the last sentence of section 489(a) to conduct that institution's program of community service-learning, including—

[(1)] development of mechanisms to assure the academic quality of the student experience,

[(2)] assuring student access to educational resources expertise, and supervision necessary to achieve community service objectives, and

[(3)] collaboration with public and private nonprofit agencies in the planning, development, and administration of such programs.]

JOB LOCATION AND DEVELOPMENT PROGRAMS

SEC. 446. (a) AGREEMENTS REQUIRED.]—(1) *The Secretary is authorized to enter into agreements with eligible institutions under which such institution may use not more than 10 percent or \$50,000 of its allotment under section 442, whichever is less, to establish or expand a program under which such institution, separately or in combination with other eligible institutions, locates and develops jobs for currently enrolled students.*

(2) Jobs located and developed under this section shall be jobs that are suitable to the scheduling and other needs of such students and that, to the maximum extent practicable, complement and reinforce the educational programs or vocational goals of such students.

(b) **CONTENTS OF AGREEMENTS.**—Agreements under subsection (a) shall—

(1) provide that the Federal share of the cost of any program under this section will not exceed 80 percent of such cost;

(2) provide satisfactory assurance that funds available under this section will not be used to locate or develop jobs at an eligible institution;

(3) provide satisfactory assurance that funds available under this section will not be used for the location or development of jobs for students to obtain upon graduation, but rather for the location and development of jobs available to students during and between periods of attendance at such institution;

(4) provide satisfactory assurance that the location or development of jobs pursuant to programs assisted under this section will not result in the displacement of employed workers or impairment of existing contracts for services;

(5) provide satisfactory assurance that Federal funds used for the purpose of this section can realistically be expected to help generate student wages exceeding, in the aggregate, the amount of such funds, and that if such funds are used to contract with another organization, appropriate performance standards are part of such contract; and

(6) provide that the institution will submit to the Secretary an annual report on the uses made of funds provided under this section and an evaluation of the effectiveness of such program in benefiting the students of such institution.

WORK COLLEGES

SEC. 447. (a) PURPOSE.—The purpose of this section is to recognize, encourage, and promote the use of comprehensive work-learning programs as a valuable educational approach when it is an integral part of the institution's educational program and a part of a financial plan which decreases reliance on grants and loans.

(b) **AUTHORIZATION OF APPROPRIATIONS.**—There are authorized to be appropriated to carry out this section \$10,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

(c) **MATCH REQUIRED.**—Funds shall be allocated to qualifying institutions in lieu of allocations pursuant to section 442 upon application, for eligible students as defined in section 484. An institution receiving an allocation under this section shall expend, from non-Federal sources, an amount for purposes of the program under this section equal to the amount of that allocation.

(d) **ACTIVITIES AUTHORIZED.**—From the sums appropriated pursuant to subsection (b), eligible institutions may, following approval of an application under subsection (g) by the Secretary—

(1) support the educational costs of qualified students through self-help payments or credits provided under the work-

learning program of the institution within the limits of part F of this title;

(2) promote the work-learning-services experience as a tool of postsecondary education, financial self-help and community service-learning opportunities; and

(3) be used for the administration, development, and assessment of comprehensive college work-learning programs, including community based work-learning alternatives that expand opportunities for community service and career-related work; and the development of programs that develop sound citizenship and personal values, encourage student persistence, and make optimum use of college work-study dollars in title IV aid in education development.

(e) **FLEXIBLE USE OF FUNDS.**—Funds allocated to the institution under subpart 2 of part A, part C, and part E of this title may be transferred for use under this section to provide flexibility in strengthening the self-help-through-work element in financial aid packaging.

(f) **ELIGIBLE INSTITUTIONS.**—Postsecondary institutions eligible to participate in this section—

(1) shall be public or private nonprofit institutions with stated commitments to service;

(2) shall have a comprehensive work-learning-service program, for at least 2 years;

(3) shall require service by all resident students through a comprehensive work-learning program as an integral part of the institution's educational program, and the provision of services and as part of the institution's educational philosophy; and

(4) shall provide through the institutional work program an opportunity for the students to contribute to the overall educational program and to the welfare of the community as a whole.

(g) **APPLICATION.**—Each eligible institution may submit an application for funds authorized by subsection (b) at such time and in such manner as the Secretary, by regulation, may reasonably require.

(h) **DEFINITIONS.**—For purposes of this section, the term "comprehensive student work-learning program" means a student work/service program that is an integral and stated part of the institution's educational philosophy and program; requires participation of all resident students for enrollment, participation, and graduation; includes learning objectives, evaluation and a record of work performance as part of the student's college record; provides programmatic leadership by college personnel at levels comparable to traditional academic programs; recognizes the educational role of work-learning supervisors; and includes consequences for nonperformance or failure in the work-learning program similar to the consequences for failure in the regular academic program.

[PART D--INCOME CONTINGENT DIRECT LOAN DEMONSTRATION PROJECT

[STATEMENT OF PURPOSE

[SEC. 451. It is the purpose of this part to examine the feasibility of a direct loan program which uses the income contingent repay-

ment method in order to increase the economic and full use of direct student loan funds.

【DEMONSTRATION PROJECT AUTHORIZED

【SEC. 452. (a) GENERAL AUTHORITY.—The Secretary shall, from the amounts appropriated each fiscal year, carry out demonstration projects in accordance with the provisions of this part.

【(b) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of making contributions to student loan funds established pursuant to this part, there are authorized to be appropriated \$5,000,000 for fiscal year 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years.

【(c) ALLOTMENT; MAXIMUM NUMBER OF GRANTS.—(1) The Secretary shall allot the amounts appropriated in each fiscal year pursuant to subsection (b) among institutions of higher education which desire to participate in the pilot project authorized by this part and which have agreements with the Secretary under section 453.

【(2) The Secretary may not enter into agreements with more than 10 institutions of higher education under this part.

【AGREEMENTS WITH INSTITUTIONS OF HIGHER EDUCATION

【SEC. 453. An agreement with an institution of higher education under this part shall—

【(1) provide for the establishment and maintenance of a student loan fund for the purpose of this part;

【(2) provide for the deposit in such fund of Federal capital contributions from funds appropriated pursuant to section 452(b);

【(3) provide for the deposit in such fund of a capital contribution by such institution equal to not less than one-ninth of the amount of the Federal capital contribution described in paragraph (2);

【(4) provide for the deposit in such fund of collections of principal and interest on student loans made from deposited funds and any other earnings of such funds;

【(5) provide that such student loan fund shall be used only for—

【(A) loans to students, in accordance with the provisions of this part;

【(B) administrative expenses; and

【(C) costs of litigation, and other collection costs agreed to by the Secretary in connection with the collection of a loan from the fund (and interest thereon) or a charge assessed pursuant to regulations;

【(6) provide that repayment of the loans made from such student loan funds will be made in accordance with a repayment schedule, which will be adjusted annually on the basis of the total amount borrowed by the student and the income of the student borrower, together with such adjustments in the schedule as the Secretary and the institution determine will best carry out the purpose of this part, except that for the first 2 years of the repayment period the schedule may require a fixed payment plan;

[(7) provide for the distribution of assets from student loan funds under this part in accordance with criteria prescribed by the Secretary, based upon the provisions of section 466; and

[(8) provide for such other assurance and limitations as the Secretary may reasonably require.

[TERMS OF LOAN UNDER THE PILOT PROGRAM

[SEC. 454. (a) CONDITIONS, LIMITATIONS, AND REQUIREMENTS.—(1) Loans from any student loan fund established pursuant to an agreement under section 453, to any student by any institution shall, subject to such conditions, limitations, and requirements as the Secretary shall prescribe by regulations, be made on such terms and conditions as the institutions may determine.

[(2) The aggregate amount of all loans made by institutions of higher education from loan funds established pursuant to agreements under this part to any student may not exceed \$17,500.

[(3) The total amount of loans made by institutions of higher education from loan funds established pursuant to such agreement for any academic year may not exceed—

[(A) \$2,500 in the case of a student who is in the first or second academic year of a program of education leading to a bachelor's degree;

[(B) \$3,500 in the case of a student who is in the third such year; and

[(C) \$4,500 in the case of a student who is in the fourth and fifth such year.

[(4)(A) The interest rate on loans under this part shall, at the discretion of the participating institution, be (i) computed in accordance with subparagraph (I) based on the interest rate computed for the calendar year in which the loan was made, and fixed over the life of the loan, or (ii) variable each calendar year based on the interest rate computed in accordance with subparagraph (B) for such calendar year.

[(B) The interest rate applicable on such loans in accordance with subparagraph (A) shall be obtained by—

[(i) computing the average of the bond equivalent rates of 91-day Treasury bills auctioned for the 3-month period ending September 30 preceding such year; and

[(ii) by adding 3 percent to the resulting percent.

[(5) Loans made from loan funds established pursuant to such agreements shall contain such agreements for deferments, interest accrual during deferments, and loan cancellation, as are consistent with the provisions of part E of this title, subject to such modifications as the Secretary may, by regulation, prescribe.

[(b) AUTHORITY OF SECRETARY TO PRESCRIBE OTHER TERMS.—The Secretary may by regulation prescribe such other terms for loans made from loan funds established pursuant to such agreements as the Secretary determines will contribute to carrying out the provisions of this part.

[FEASIBILITY STUDY

[SEC. 455. (a) STUDY.—The Secretary shall, based on the projects assisted under this part, conduct a study of the feasibility of ex-

tending the pilot project to a direct student loan fund program of general applicability beginning after September 30, 1990.

[(b) REPORT.—The Secretary shall prepare and submit to the Congress a report on the feasibility study begun pursuant to subsection (a) not later than October 1, 1991, and October 1, 1995, together with such recommendations as the Secretary deems appropriate.]

PART D—FEDERAL DIRECT LOANS

SEC. 451. PROGRAM AND PAYMENT AUTHORITY.

(A) PROGRAM AUTHORITY.—The Secretary shall, in accordance with the provisions of this part, carry out a direct loan program for qualified students at institutions of higher education to enable the students to pursue their courses of study at such institutions during the period beginning on July 1, 1994.

(b) PAYMENT AUTHORITY.—The Secretary shall, from funds made available under section 458, make payments under this part for any fiscal year to each institution of higher education having an agreement under section 452, on the basis of the estimated needs of the students of that institution for student loans taking into consideration the demand and eligibility of such students for subsidized and unsubsidized direct loans under this part.

(c) PAYMENT RULES.—

(1) IN GENERAL.—The Secretary shall make payments required by subsection (b) of this section in such installments as the Secretary determines—

(A) reflect accurately the disbursement of funds for student loans by the institution of higher education concerned, and

(B) will best carry out the objectives of this part.

(2) INITIAL PAYMENTS.—The initial payments for any academic year required by subsection (b) shall be made available to institutions of higher education not later than July 1 for the academic year which begins on or after the date. Payments of entitlements by the Secretary under this part shall be made promptly.

(d) ENTITLEMENT PROVISIONS.—An institution whose application has been approved by the Secretary under section 452(b) shall be deemed to have contractual obligation from the United States for making the payments specified in that application.

SEC. 452. APPLICATIONS OF AND AGREEMENTS WITH INSTITUTIONS OF HIGHER EDUCATION.

(a) APPLICATION REQUIRED.—

(1) IN GENERAL.—Any institution of higher education desiring to receive payments from the Secretary under this part shall make an agreement under subsection (b) and shall submit an application for such payments to the Secretary in accordance with the provisions of this part. The Secretary shall set dates before which such institutions must file applications under this section. Each such application shall contain such information as is necessary to ensure the correctness of estimated need for funds for students at the institution of higher education.

(2) **FIRST COHORT OF INSTITUTIONS.**—For the academic year beginning July 1, 1994, the Secretary shall make agreements under subsection (b) with not less than 450 institutions, but not more than 500 institutions. Agreements with institutions for the academic year beginning July 1, 1994, shall be concluded by July 1, 1993, and the Secretary shall publish the list of the institutions with which he has concluded agreements in the Federal Register not later than July 1, 1993. For the academic year beginning July 1, 1994, the Secretary shall make agreements with institutions which represent a cross-section of institutions of higher education in terms of size, geographic location, length of program, control and composition of student body.

(3) **SECOND COHORT OF INSTITUTIONS.**—For the academic year beginning July 1, 1995, the Secretary shall make agreements with not less than 950 institutions but not more than 1,000 institutions in addition to the institutions with which the Secretary made agreements for the academic year beginning July 1, 1994. Agreements with institutions for the academic year beginning July 1, 1995, shall be concluded by July 1, 1994, and the Secretary shall publish the list of institutions with which he has concluded agreements in the Federal Register not later than July 1, 1994.

(4) **THIRD COHORT OF INSTITUTIONS.**—For the academic year beginning July 1, 1996, the Secretary shall make agreements with any institution desiring to participate. Agreements with institutions for the academic year beginning July 1, 1996, shall be concluded by July 1, 1995.

(b) **AGREEMENT REQUIRED.**—An agreement with any institution of higher education for the payment of advances under this part shall—

(1) provide for the establishment and maintenance of a program at the institution under which—

(A) the institution will identify eligible students at the institution, in accordance with section 484;

(B) the institution will estimate the need of each such student as required by Part F; and

(C) the institution will originate loans to such eligible students in accordance with this part;

(2) provide assurances that the institution will comply with the provisions of section 463A, relating to student loan information;

(3) provide that the note or evidence of obligation on the loan shall be the property of the Secretary and that the institution of higher education will act as the agent for the Secretary only for the purpose of making loans under this part; and

(4) include such other provisions as may be necessary to protect the financial interest of the United States and promote the purposes of this part as are agreed to by the Secretary and the institution.

(c) **USE OF DESIGNATED LENDING AGENTS.**—An institution or a consortium of institutions may carry out its responsibility to originate loans pursuant to subsection (b)(1)(C) through a designated lending agent of such institution or consortium in accordance with

an agreement between such institution or consortium and the designated lending agent that—

(1) is in such form and contains such terms and conditions as the Secretary shall require by regulation to ensure the competence of the lending agent to originate loans under this part and to protect the fiscal interest of the Federal Government; and

(2) is approved by the Secretary.

(d) **ADMINISTRATIVE EXPENSE PROVISION.**—An institution that has entered into an agreement under subsection (b) shall be entitled, for each fiscal year during which it makes student loans under such agreement, to a payment in lieu of reimbursement for its expenses in administering its student loan program under this subpart during such year. Each such payment shall be made in accordance with section 489 and shall be an amount equal to \$20 per academic year for each student enrolled in that institution who receives a loan under this part for that year. Payments received by an institution under this subsection shall be used first by the institution to carry out the provisions of section 489(b) of this Act and then for such additional administrative costs as the institution determines necessary. An institution that has an agreement under subsection (b) shall be deemed to have a contractual right to the payments required by this subsection.

SEC. 453. ELIGIBILITY FOR AND AMOUNT OF LOANS.

(a) ELIGIBILITY—

(1) **COMMON ELIGIBILITY REQUIREMENTS FOR SUBSIDIZED AND UNSUBSIDIZED LOANS.**—Any subsidized loan under this part may be made only to a student eligible to participate in programs under this title pursuant to section 484, and any unsubsidized loan under this part may be made only to such a student or the parent of a dependent undergraduate student.

(2) **NEEDS TESTING FOR SUBSIDIZED LOANS.**—A subsidized loan under this part may be made only to a student who (in addition to meeting the requirements of paragraph (1)) demonstrates financial need for such loan (pursuant to part F of this title).

(3) **STUDENT ELIGIBILITY FOR UNSUBSIDIZED LOANS.**—(A) Independent students shall be eligible to borrow unsubsidized loans under this part in amounts specified in subsection (c)(2). In addition, undergraduate dependent students shall be eligible to borrow funds under this section if the financial aid administrator determines, after review of the financial aid information submitted by the student and considering the debt burden of the student, that exceptional circumstances will likely preclude the student's parents from borrowing under this part. If the financial aid administrator makes such a determination, appropriate documentation of such determination shall be maintained in the institution's records to support such determination. No student shall be eligible to borrow unsubsidized loans under this part until such student has obtained a certificate of graduation from a school providing secondary education, or the recognized equivalent of such certificate.

(B) Unsubsidized loans may not be borrowed under this part by any student who is enrolled at any institution during any

fiscal year if the cohort default rate for such institution, for the most recent fiscal year for which such rates are available, equals or exceeds 30 percent. The Secretary shall notify institutions to which such restriction applies annually, and specify the fiscal year covered by the restriction. The Secretary shall afford any institution to which such restriction applies an opportunity to present evidence contesting the accuracy of the calculation of the cohort default rate for such institution.

(4) **PARENT ELIGIBILITY FOR UNSUBSIDIZED LOANS.**—Parents of a dependent student shall be eligible to borrow unsubsidized loans under this part in any amount, subject to subsection (c)(1).

(b) **SUBSIDIZED LOAN AMOUNTS.**—

(1) **DETERMINATION BASED ON COST OF ATTENDANCE.**—The amount of all subsidized loans for each student for each academic year made from loan funds paid pursuant to agreements under this part may not exceed the cost of attendance at the institution of higher education for that year minus the aggregate of—

(A) any financial assistance received by the student borrower under parts A and C of this title, and any other provision of Federal law;

(B) any other scholarship, grant, and loan assistance received by the student borrower; and

(C) the expected family contribution.

(2) **ANNUAL LIMITS.**—No student may borrow under this part an amount of subsidized loans in any academic year or its equivalent (as determined under regulations of the Secretary) in excess of—

(A) In the case of a student at an eligible institution who has not successfully completed the first and second year of a program of undergraduate education—

(i) \$6,500, if such student is carrying at least the normal full-time academic workload (as defined in regulations of the Secretary);

(ii) \$4,875, if such student is carrying three-quarters of the normal full-time academic workload (as defined in regulations of the Secretary); and

(iii) \$3,250, if such student is carrying at least one-half of the normal full-time academic workload (as defined in regulations of the Secretary);

(B) In the case of a student at an eligible institution who has successfully completed such first and second year but has not successfully completed the remainder of a program of undergraduate study—

(i) \$8,000, if such student is carrying at least the normal full-time academic workload (as defined in regulations of the Secretary);

(ii) \$6,000, if such student is carrying at least three-quarters of the normal full-time academic workload (as defined in regulations of the Secretary); and

(iii) \$4,000, if such student is carrying at least one-half of the normal full-time academic workload (as defined in regulations of the Secretary).

(C) In the case of a graduate or professional student (as defined in regulations of the Secretary) at an eligible institution—

(i) \$13,000, if such student is carrying at least the normal full-time academic workload (as defined in regulations of the Secretary); and

(ii) \$6,500, if such student is carrying at least one-half of the normal full-time academic workload (as defined in regulations of the Secretary); and

except in cases where the Secretary determines, pursuant to regulations, that a higher amount is warranted in order to carry out the purpose of this part with respect to students engaged in specialized training requiring exceptionally high costs of education.

(3) **AGGREGATE LIMITS.**—No student may borrow under this part an aggregate principal amount of subsidized loans in excess of—

(A) \$38,500, in the case of any student who has not successfully completed a program of undergraduate education (excluding unsubsidized loans); or

(B) \$98,500, in the case of any graduate or professional student (as defined by regulations of the Secretary) including any loans under this part made to such student before the student became a graduate or professional student, but excluding unsubsidized loans).

(c) **UNSUBSIDIZED LOAN AMOUNTS.**—

(1) **DETERMINATION BASED ON COST OF ATTENDANCE.**—The amount of all unsubsidized loans for any student (whether obtained by the student or a parent, or both) for each academic year made from loan funds paid pursuant to agreements under this part may not exceed the cost of attendance at the institution of higher education for that year minus the aggregate of—

(A) any financial assistance received by the student borrower under parts A and C of this title, and any other provision of Federal law, including any subsidized loan under this part; and

(B) any other scholarship, grant, and loan assistance received by the student borrower.

(2) **LIMITS ON UNSUBSIDIZED LOANS TO STUDENTS.**—

(A) **ANNUAL LIMITS.**—No student may borrow under this part an amount of unsubsidized loans in any academic year or its equivalent (as determined under regulations of the Secretary) in excess of—

(i) \$4,000, in the case of a student who has not successfully completed the first and second year of a program of undergraduate education, except as provided in subparagraph (C);

(ii) \$6,000, in the case of a student who has successfully completed such first and second year but who has not successfully completed the remainder of a program of undergraduate education; or

(iii) \$10,000, in the case of a graduate or professional student (as defined in regulations of the Secretary);

except in cases where the Secretary determines, pursuant to regulations, that a higher amount is warranted in order to carry out the purpose of this part with respect to students engaged in specialized training requiring exceptionally high costs of education.

(B) **AGGREGATE LIMITS.**—No student may borrow under this part an aggregate principal amount of unsubsidized loans in excess of—

(i) \$28,000, in the case of any student who has not successfully completed a program of undergraduate education (excluding subsidized loans); or

(ii) \$78,000, in the case of any graduate or professional student (as defined by regulations of the Secretary and including any loans under this part made to such student before the student became a graduate or professional student, but excluding subsidized loans).

(d) **SPECIAL RULE FOR FIRST-YEAR STUDENTS.**—In the case of a student who has not successfully completed the first year of a program of undergraduate education and who is not enrolled in a program that is at least one academic year in length, as determined in accordance with regulations prescribed by the Secretary, the maximum amount of unsubsidized loans a student may borrow in any academic year or its equivalent shall be—

(1) \$2,500 for a student who is determined, in accordance with such regulations, to be enrolled in a program whose length is at least $\frac{2}{3}$ of an academic year;

(2) \$1,500 for a student who is determined, in accordance with such regulations, to be enrolled in a program whose length is less than $\frac{2}{3}$, but at least $\frac{1}{3}$, of an academic year; and

(3) zero for a student who is determined, in accordance with such regulations, to be enrolled in a program whose length is less than $\frac{1}{3}$ of an academic year.

(e) **DETERMINATIONS BASED ON COST OF ATTENDANCE.**—Determinations under subsections (b)(1) and (c)(1) shall be made by the institution of higher education in accordance with the provisions of part F of this title.

(f) **ANNUAL LIMIT DETERMINATIONS.**—The annual limits contained in this section shall not be deemed to be exceeded by a line of credit under which actual payments to the borrower will not be made in any year in excess of the annual limit.

SEC. 454. TERMS OF LOANS.

(a) **REQUIREMENTS FOR BOTH SUBSIDIZED AND UNSUBSIDIZED LOANS.**—A loan may be made with funds paid under this part only if—

(1) made to a student, or the parent of a student, who (A) is an eligible student under section 484; (B) has agreed to notify promptly the Secretary concerning any change of address; and (C) is carrying at least one-half the normal full-time academic workload for the course of study the student is pursuing (as determined by the institution); and

(2) evidenced by a note or other written agreement which—

(A) is made without security and without endorsement, except that if the borrower is a minor and such note or

other written agreement executed by the borrower would not under the applicable law, create a binding obligation, endorsement may be required;

(B) provides that periodic installments of principal need not be paid, but interest shall accrue and be paid by the Secretary, during any period—

(i) during which the borrower (I) is pursuing a full-time course of study at an eligible institution, (II) is pursuing at least a half-time course of study (as determined by such institution) during an enrollment period for which the student has obtained a loan under this part, or (III) is pursuing a course of study pursuant to a graduate fellowship program approved by the Secretary, or pursuant to a rehabilitation training program for disabled individuals approved by the Secretary except that no borrower shall be eligible for a deferment under this clause or any subsidized loan made under this part, while serving in a medical internship or residency program;

(ii) not in excess of 24 months, at the request of the borrower, during which the borrower is seeking and unable to find full-time employment; or

(iii) not in excess of 36 months for any reason which the Secretary deems will cause economic hardship for the borrower,

and that any such period shall not be included in determining the 10-year period provided in subparagraph (B), except that only the provisions of clauses (i), and (ii) of this subparagraph shall be available in the case of a borrower who is a parent of a qualified student under section 453(a);

(C) entitles the borrower to accelerate without penalty repayment of the whole or any part of the loan;

(D)(i) contains a notice of the system, of disclosure of information concerning such loan to credit bureau or organizations under section 430A, and

(ii) provides that the Secretary on request of the borrower will provide information on the repayment status of the note to such organizations; and

(E) contains such other terms and conditions, consistent with the provisions of this part and with the regulations issued by the Secretary pursuant to this part, as may be agreed upon by the parties to such loan;

(3) the funds borrowed are disbursed to the student by check or other means that is payable to and requires the endorsement or other certification by such student, except nothing in this part shall be interpreted to allow the Secretary to require checks to be made copayable to the institution and the borrower or to prohibit the disbursement of loan proceeds by means other than by check; and

(4) the funds borrowed are disbursed by the institution in accordance with a schedule that is consistent with subsection (d).

(b) **ADDITIONAL TERMS FOR SUBSIDIZED LOANS.**—The note or other written agreement for any subsidized loan shall—

(1) provide for repayment (except as provided in subsection (e)) of the principal amount of the loan in installments over a period of not less than 5 years (unless sooner repaid or unless the student during the 6 months preceding the start of the repayment period, specifically requests that repayment be made over a shorter period) nor more than 10 years, beginning 6 months after the month in which the student ceases to carry at an institution of higher education one-half the normal full-time academic workload as determined by the institution; except—

(A) as provided in subsection (a)(2)(B);

(B) that the note or other written instrument may contain such reasonable provisions relating to repayment in the event of default in the payment of interest, or other default by the borrower, as may be authorized by regulations of the Secretary in effect at the time the loan is made; and

(C) that the Secretary and the student, after the student ceases to carry at an eligible institution at least one-half the normal full-time academic workload as determined by the institution, may agree to a repayment schedule which begins earlier, or is of shorter duration, than required by this subparagraph, but in the event a borrower has requested and obtained the repayment period of less than 5 years, the borrower may at any time prior to the total repayment of the loan, have the repayment period extended so that the total repayment period is not less than 5 years; and

(2) provide for interest on the unpaid principal balance of the loan at a rate of 8 percent per year, which interest shall be payable in installments over the period of the loan except that, if provided in the note or other written agreement, any interest payable by the student may be deferred until not later than the date upon which repayment of the first installment of principal falls due, in which case interest accrued during that period may be added on that date to the principal.

(c) **ADDITIONAL TERMS FOR UNSUBSIDIZED LOANS.**—The note or other written agreement for any unsubsidized loan shall—

(1) provide for repayment (except as provided in subsection (e)) of the principal amount of the loan in installments over a period of not less than 5 years (unless sooner repaid or unless the borrower during the 6 months preceding the start of the repayment period, specifically requests that repayment be made over a shorter period) nor more than 10 years, beginning not later than 60 days after the date such loan is disbursed, or, if the loan is disbursed in multiple installments, not later than 60 days after the disbursement of the last such installment; except—

(A) that the note or other written instrument may contain such reasonable provisions relating to repayment in the event of default in the payment of interest, or other default by the borrower, as may be authorized by regulations of the Secretary in effect at the time the loan is made; and

(B) that the lender and the borrower, after the student ceases to carry at an eligible institution at least one-half the normal full-time academic workload as determined by the institution, may agree to a repayment schedule which

begins earlier, or is of shorter duration, than required by this subparagraph, but in the event a borrower has requested and obtained the repayment period of less than 5 years, the borrower may at any time prior to the total repayment of the loan, have the repayment period extended so that the total repayment period is not less than 5 years;

(2) provide for interest on the unpaid principal balance of the loan at the rate most recently determined under subsection (f)(2) at the time the loan is made, which interest shall be payable in installments over the period of the loan except that, if provided in the note or other written agreement, any interest payable by the student may be deferred until not later than the date upon which repayment of the first installment of principal falls due, in which case interest accrued during that period may be added on that date to the principal.

(d) REQUIREMENTS FOR DISBURSEMENT OF STUDENT LOANS.—

(1) MULTIPLE DISBURSEMENT REQUIRED.—

(A) TWO DISBURSEMENTS REQUIRED.—The proceeds of any loan made under this part that is made for any period of enrollment shall be disbursed in 2 or more installments, none of which exceeds one-half of the loan.

(B) MINIMUM INTERVAL REQUIRED.—The interval between the first and second such installments shall be not less than one-half of such period of enrollment, except as necessary to permit the second installment to be disbursed at the beginning of the second semester, quarter, or similar division of such period of enrollment.

(2) METHOD OF MULTIPLE DISBURSEMENT.—Disbursements under paragraph (1) shall be made in accordance with a schedule determined by the institution that complies with the requirements of this section.

(3) WITHHOLDING OF SECOND DISBURSEMENT.—

(A) WITHDRAWING STUDENTS.—An institution or designated lending agent that is informed by the borrower or the institution that the borrower has ceased to be enrolled before the disbursement of the second or any succeeding installment shall withhold such disbursement. Any disbursement which is so withheld shall be credited to the borrower's loan and treated as a prepayment thereon.

(B) STUDENTS RECEIVING OVER-AWARDS.—If the sum of a disbursement for any student and the other financial aid obtained by such student exceeds the amount of assistance for which the student is eligible under this title, the institution such student is attending shall withhold and return the portion (or all) of such installment that exceeds such eligible amount. Any portion (or all) of a disbursement installment which is so returned shall be credited to the borrower's loan and treated as a prepayment thereon.

(4) SPECIAL RULES FOR MULTIPLE DISBURSEMENT.—For the purpose of this subsection—

(A) all loans issued for the same period of enrollment shall be considered as a single loan; and

(B) the requirements of such subsection shall not apply in the case of a loan made to a student to cover the cost of

attendance at an eligible institution outside the United States.

(e) SPECIFIC REPAYMENT RULES.—

(1) **MINIMUM AMOUNTS TO BE REPAID ANNUALLY.**—The total of the payments by a borrower during any year of any repayment period with respect to the aggregate amount of all subsidized and unsubsidized loans to that borrower which are paid from loan funds paid pursuant to agreements under this part shall not, unless the borrower and the Secretary otherwise agree, be less than \$600 or the balance of all such loans (together with interest thereon), whichever amount is less, except that in the case of husband and wife, both of whom have such loans outstanding, the total of the combined payments for such a couple during any year shall not be less than \$600 or the balance of all such loans, whichever is less.

(2) **GRADUATED AND INCOME CONTINGENT REPAYMENT SCHEDULES.**—If a borrower so requests, the repayment of a loan under this part shall be made in accordance with a graduated or income contingent repayment schedule established by the Secretary by regulation. In order to carry out the provisions of this paragraph, the Secretary and the borrower may agree to increase the repayment period described in subsection (b)(1) or (c)(1) of this section, but in no event may the repayment period be extended beyond 20 years.

(3) **NOTICE.**—The Secretary shall notify the student borrower of a loan under this part at the beginning of the repayment period of the availability of the flexible repayment program.

(f) INTEREST RATES.—

(1) **ORDER TO ESTABLISH RATES ON UNSUBSIDIZED LOANS.**—The Secretary shall, by order published in the Federal Register, establish the interest rates for unsubsidized loans made under this part. Such order shall be published not later than January 2, and shall be effective with respect to loans made during the one-year period beginning on the July 1 following such publication. The Secretary's order shall not be subject to judicial review.

(2) **INTEREST RATE FOR UNSUBSIDIZED LOANS.**—The order prescribed under paragraph (1) shall establish an interest rate for unsubsidized loans made after the effective date of such order and before the effective date of a subsequent order. Such rate shall be equal to—

(A) the bond equivalent rate of 52-week Treasury bills auctioned at the final auction held prior to the date such order is prescribed; plus

(B) 3.25 percent, except that such rate shall not exceed 12 percent.

(3) **REPORT ON INTEREST RATE ON UNSUBSIDIZED LOANS.**—The Secretary shall submit to the Congress a report for any fiscal year for which the interest rate for unsubsidized loans established under paragraph (2) subsection is not sufficient to recover for the Government—

(A) the cost to the Government of obtaining the funds for such loans under section 458;

(B) the costs to the Government of obtaining collection services for such loans under section 457; and

(C) the costs to the Government of administering this part with respect to such loans.

(D) the costs to the Government that result from any defaults on such loans by the borrowers.

(4) **REPORT ON INTEREST RATE ON SUBSIDIZED LOANS.**—The Secretary shall submit to the Congress a report for any fiscal year for which the interest rate for subsidized loans established under subsection (b)(2) is not sufficient to recover for the Government—

(A) the cost to the Government of obtaining the funds for such loans under section 458;

(B) the costs to the Government of obtaining collection services for such loans under section 457; and

(C) the costs to the Government of administering this part with respect to such loans.

SEC. 455. CONSOLIDATION LOANS.

(a) AGREEMENTS FOR PROVISION OF LOANS.—

(1) **AGREEMENT REQUIRED FOR PROVISION OF LOANS.**—For the purpose of providing loans to eligible borrowers for consolidation of their obligations with respect to eligible student loans, the Secretary shall enter into agreements in accordance with subsection (b).

(2) **PROVISION OF FUNDS TO CONSOLIDATION AGENTS.**—The Secretary shall, by regulation, provide for the distribution of funds obtained pursuant to section 458 through consolidation agents to eligible borrowers under this section. Such regulations shall, to the extent practicable, reflect the procedures used to distribute funds to institutions under section 452.

(3) **DEFINITION OF ELIGIBLE BORROWER.**—(A) For the purpose of this section, the term “eligible borrower” means a borrower who, at the time of application for a consolidation loan—

(i) has an outstanding indebtedness on eligible student loans, at the time of application for a consolidation loan, of not less than \$10,000; and

(ii) is in repayment status, or in a grace period preceding repayment, and is not delinquent with respect to any required payment on such indebtedness by more than 90 days.

(E) An individual's status as an eligible borrower under this section terminates upon receipt of a consolidation loan under this section except with respect to eligible student loans received after the date of receipt of the consolidation loan. Loans made under this section shall, to the extent used to discharge loans made under this title, be counted against the applicable limitations on aggregate indebtedness contained in sections 425(a), 428(b)(1)(B), 428A(b)(2), 454, and 464(a)(2). Nothing in this subparagraph shall be interpreted to authorize the Secretary to require agents for consolidation loans to receive, to maintain, or to make reports with respect to preexisting records relating to any eligible student loan (as defined under paragraph (4)) discharged by a borrower in receiving a consolidation loan.

(4) **DEFINITION OF ELIGIBLE STUDENT LOANS.**—For the purpose of paragraph (1), the term “eligible student loans” means any of the following loans, if at least one loan is a loan described in subparagraph (A) of this paragraph:

(A) loans made under this part except for loans made to parents;

(B) loans made, insured, or guaranteed under part B except for loans made to parent borrowers under section 428B, including loans made to parent borrowers under section 428B as in effect prior to the enactment of the Higher Education Amendments of 1986;

(C) loans made under part E of this title; or

(D) loans made under subpart II of part C of title VII of the Public Health Service Act.

(b) **AGREEMENTS WITH AGENT.**—Any agent selected by the Secretary to operate a program of transmitting consolidation loans from the Secretary to eligible borrowers under this section shall enter into an agreement with the Secretary which provides—

(1) that the agent will provide a consolidation loan to an eligible borrower (on request of that borrower) only if the borrower certifies that the borrower has no other application pending for a loan under this section;

(2) that each consolidation loan will bear interest, and be subject to repayment, in accordance with subsection (c);

(3) that each consolidation loan will be made, notwithstanding any other provision of this part limiting the annual or aggregate principal amount for all insured loans made to a borrower, in an amount (A) which is not less than the minimum amount required for eligibility of the borrower under subsection (a)(3), and (B) which is equal to the sum of the unpaid principal and accrued unpaid interest and late charges of all eligible student loans received by the eligible borrower which are selected by the borrower for consolidation;

(4) that the proceeds of each consolidation loan will be paid to the holder or holders of the loans so selected to discharge the liability on such loans;

(5) that a consolidation loan will not be made unless the agent has determined to its satisfaction, in accordance with reasonable and prudent business practices, for each loan being consolidated—

(A) that the loan is a legal, valid, and binding obligation of the borrower;

(B) that each such loan was made and serviced in compliance with applicable laws and regulations; and

(C) in the case of loans under part B, that the insurance on such loan is in full force and effect;

(6) the reporting requirements of the Secretary on the agent and an identification of the office of the Department of Education which will process claims and perform other related administrative functions;

(7) the alternative repayment terms which will be offered to borrowers; and

(8) such other terms and conditions as the Secretary may specifically require of the agent to carry out this section.

(c) **TERMS AND CONDITIONS OF LOANS.**—A consolidation loan made pursuant to this section shall be made only to an eligible borrower who has agreed to notify the Secretary promptly concerning any change of address. The consolidation loan shall be evidenced by a note or other written agreement which—

(1) is made without security and without endorsement, except that if the borrower is a minor and such note or other written agreement executed by him or her would not, under applicable law, create a binding obligation, endorsement may be required;

(2) provides for the payment of interest and the repayment of principal in accordance with subsection (c) of this section;

(3) provides that periodic installments of principal need not be paid, but interest shall accrue and be paid by the Secretary, during any period for which the borrower would be eligible for a deferral under section 454(a)(2)(B), and that any such period shall not be included in determining the repayment period pursuant to subsection (c)(2) of this section;

(4) entitles the borrower to accelerate without penalty repayment of the whole or any part of the loan; and

(5)(A) contains a notice of the system of disclosure concerning such loan to credit bureau organizations under section 430A, and

(B) provides that the lender on request of the borrower will provide information on the repayment status of the note to such organizations.

(d) **PAYMENT OF PRINCIPAL AND INTEREST.**—

(1) **INTEREST RATES.**—(A) Consolidation loans made under this section shall bear interest at rates determined under subparagraph (B) and (C).

(B) Except as provided in subparagraph (C), a consolidation loan shall bear interest at an annual rate on the unpaid principal balance of the loan which is equal to the weighted average of the interest rates on the loans consolidated, rounded to the nearest whole percent.

(C) A consolidation loan shall bear interest at an annual rate on the unpaid principal balance of the loan equal to not less than 8 percent.

(2) **REPAYMENT SCHEDULES.**—(A) Notwithstanding any other provision of this part, the Secretary shall establish repayment terms as will promote the objectives of this section, which shall include the establishment of graduated and income contingent repayment schedule. Such repayment terms shall require that if the sum of the consolidation loan and the amount outstanding on other student loans to the individual—

(i) is equal to or greater than \$10,000 but less than \$20,000, then such consolidation loan shall be repaid in not more than 15 years;

(ii) is equal to or greater than \$20,000 but less than \$40,000, then such consolidation loan shall be repaid in not more than 20 years;

(iii) is equal to or greater than \$40,000 but less than \$60,000, then such consolidation loan shall be repaid in not more than 25 years;

(iv) is equal to or greater than \$60,000, then such consolidation loan shall be repaid in not more than 30 years.

(B) Unless a consolidation loan under subparagraph (A)(ii) will be used to discharge at least \$10,000 of loans made under this part, such loan shall be repaid in accordance with subparagraph (A)(i).

(C) The amount outstanding on other student loans which may be counted for the purpose of subparagraph (A) may not exceed the amount of the consolidation loan.

(3) **ADDITIONAL REPAYMENT REQUIREMENTS.**—Notwithstanding paragraph (2), the Secretary may, with respect to repayment on the loan when the amount of a monthly or other similar payment on the loan is not a multiple of \$5, round the payment to the next highest whole dollar amount that is a multiple of \$5.

(4) **COMMENCEMENT OF REPAYMENT.**—Repayment of a consolidation loan shall commence within 60 days after all holders have, pursuant to subsection (b)(1)(D), discharged the liability of the borrower on the loans selected for consolidation.

SEC. 456. REPAYMENT BY THE SECRETARY OF LOANS OF DECEASED OR DISABLED BORROWERS.

If a student borrower who has received a loan described in section 454 dies or becomes permanently and totally disabled (as determined in accordance with regulations of the Secretary), then the Secretary shall discharge the borrower's liability on the loan.

SEC. 457. ADMINISTRATIVE PROVISIONS.

(a) **IN GENERAL.**—In carrying out the provisions of this part, the Secretary is authorized—

(1) to consent to the modification, with respect to rate of interest, time of payment of any installment of principal and interest or any portion thereof, or any other provision of any note evidencing a loan which has been made under this part;

(2) to enforce, pay, compromise, waive, or release any right, title, claim, lien, or demand, however acquired, including any equity or any right of redemption;

(3) to conduct litigation in accordance with the provisions of section 432(a)(2);

(4) encourage either directly or by way of contract or other arrangement the participation of institutions of higher education in the program authorized by this part; and

(5) to enter into competitive contracts or other arrangements with State agencies, guaranty agencies, nonprofit organizations, institutions of higher education, and with collection and servicing agencies, for servicing and collection of loans under this part.

(b) **LOAN COLLECTION FUNCTIONS UNDER COMPETITIVE PROCUREMENT CONTRACTS.**—The Secretary, by one or more contracts made in accordance with Federal laws concerning Government procurement, shall provide for—

(1) the collection of principal and interest of student loans made under this part;

(2) the establishment and operation of a central data system for the maintenance of records on all loans made pursuant to this part;

(3) programs for default prevention; and

(4) such other programs as the Secretary determines are necessary to assure the success of the student loan program authorized by this part.

(c) **LOAN CONSOLIDATION FUNCTIONS.**—The Secretary, by one or more contracts made in accordance with Federal laws regulating Government procurement, shall provide for loan consolidation in accordance with section 455.

SEC. 458. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated such sums as may be necessary for fiscal year 1994 and the 4 succeeding fiscal years to enable the Secretary to make payments pursuant to section 451

SEC. 459. DEFINITIONS.

As used in this part—

(1) the term "guaranty agency" has the same meaning given that term by section 435(j); and

(2) the term "institution of higher education" means any eligible institution described in section 481 that has demonstrated administrative capacity to carry out the provisions of this part.

[PART E—DIRECT LOANS TO STUDENTS IN INSTITUTIONS OF HIGHER EDUCATION]

PART E—FEDERAL PERKINS LOANS

APPROPRIATIONS AUTHORIZED

SEC. 461. (a) PROGRAM AUTHORITY.—The Secretary shall carry out a program of stimulating and assisting in the establishment and maintenance of funds at institutions of higher education for the making of low-interest loans to students in need thereof to pursue their courses of study in such institutions or while engaged in programs of study abroad approved for credit by such institutions. Loans made under this part shall be known [as "Perkins"] as "Federal Perkins Loans".

[(b) AUTHORIZATION OF APPROPRIATIONS.]—(1) For the purpose of enabling the Secretary to make contributions to student loan funds established under this part, there are authorized to be appropriated \$268,000,000 for fiscal year 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years.

[(2) In addition there are hereby authorized to be appropriated such sums for fiscal year 1991 and each of the five succeeding fiscal years as may be necessary to enable students who have received loans for academic years ending prior to October 1, 1991, to continue or complete course of study.]

(b) AUTHORIZATION OF APPROPRIATIONS.—(1) For the purpose of enabling the Secretary to make contributions to student loan funds established under this part, there are authorized to be appropriated \$200,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

(2) *In addition to the funds authorized under paragraph (1); there are hereby authorized to be appropriated such sums for fiscal year 1997 and each of the 5 succeeding fiscal years as may be necessary to enable students who have received loans for academic years ending prior to October 1, 1997, to continue or complete courses of study.*

* * * * *

ALLOCATION OF FUNDS

SEC. 462. (a) ALLOCATION BASED ON PREVIOUS ALLOCATION.—(1) From the amount appropriated pursuant to section 461(b) for each fiscal year, the Secretary shall first allocate to each eligible institution an amount equal to—

(A) 100 percent of the amount of Federal capital contribution [such institution received] *allocated to such institution* under this part for fiscal year 1985, multiplied by

* * * * *

(j) **REALLOCATION OF EXCESS ALLOCATIONS.—**(1) If an institution returns to the Secretary any portion of the sums allocated to such institution under this section for any fiscal year the Secretary shall, in accordance with regulations, reallocate such excess to other institutions.

(2) *If under paragraph (1) of this subsection an institution returns more than 10 percent of its allocation, the institution's allocation for the next fiscal year shall be reduced by the amount returned. The Secretary may waive this paragraph for a specific institution if the Secretary finds that enforcing it is contrary to the interest of the program.*

AGREEMENTS WITH INSTITUTIONS OF HIGHER EDUCATION

SEC. 463. (a) CONTENTS OF AGREEMENTS.—An agreement with any institution of higher education for the payment of Federal capital contributions under this part shall—

(1) * * *

(2) provide for the deposit in such fund of—

(A) Federal capital contributions from funds appropriated under section 461;

[(B) a capital contribution by such institution in an amount equal to not less than one-ninth of the amount of the Federal capital contributions described in subparagraph (A);]

(B) a capital contribution—

(i) by an institution that—

(I) is granted permission by the Secretary to participate in an Expanded Lending Option under the program, and

(II) has a default rate which does not exceed 7.5 percent,

in an amount not less than the amount of the Federal capital contributions described in subparagraph (A); or

(ii) by any other institution, in an amount not less than one-third of the amount of the Federal capital contributions described in subparagraph (A);

* * * * *

(C) COOPERATIVE AGREEMENTS WITH CREDIT BUREAU ORGANIZATIONS.—(1) * * *

* * * * *

(4) Each institution of higher education, after consultation with the Secretary and pursuant to the agreements entered into under paragraph (1), shall disclose to any credit bureau organization with which the Secretary has such an agreement—

- (A) the amount of loans made to any borrower under this part at the time of the disbursement of the loan; and
- (B) the information set forth in section 430A(a).

* * * * *

TERMS OF LOANS

SEC. 464. (a) TERMS AND CONDITIONS.—(1) * * *

[(2) The aggregate of the loans for all years made by institutions of higher education from loan funds established pursuant to agreements under this part may not exceed—

[(A) \$18,000 in the case of any graduate or professional student (as defined by regulations of the Secretary, and including any loans from such funds made to such person before he became a graduate or professional student);

[(B) \$9,000 in the case of a student who has successfully completed 2 years of a program of education leading to a bachelor's degree, but who has not completed the work necessary for such a degree (determined under regulations of the Secretary, and including any loans from such funds made to such person before he became such a student); and

[(C) \$4,500 in the case of any other student.]

(2) The aggregate of the loans for all years made by institutions of higher education from loan funds established pursuant to agreements under this part may not exceed—

(A) for institutions that have an agreement with the Secretary to participate in the Expanded Lending Option under section 463(a)(2)(B)(i)—

(i) \$32,000 in the case of any graduate or professional student (as defined by regulations of the Secretary, and including any loans from such funds made to such person before he became a graduate or professional student);

(ii) \$16,000 in the case of a student who has successfully completed 2 years of a program of education leading to a bachelor's degree but who has not completed the work necessary for such a degree (determined under regulations of the Secretary, and including any loans from such funds made to such person before he became such a student); and

(iii) \$8,000 in the case of any other student; or

(B) for all other institutions—

(i) \$25,000 in the case of any graduate or professional student (as defined by regulations of the Secretary, and includ-

ing any loans from such funds made to such person before he became a graduate or professional student);

(ii) \$15,000 in the case of a student who has successfully completed 2 years of a program of education leading to a bachelor's degree, but who has not completed the work necessary for such a degree (determined under regulations of the Secretary, and including any loans from such funds made to such person before he became such a student); and

(iii) \$6,000 in the case of any other student.

(b) DEMONSTRATION OF NEED AND ELIGIBILITY REQUIRED.—(1)
* * *

[(2) If the institution's Federal capital contribution under section 462 is directly or indirectly based in part on the financial need demonstrated by students attending the institution less than full time, a reasonable proportion of the loans under this part shall be made available to such students.]

(2) If the institution's capital contribution under section 462 is directly or indirectly based in part on the financial need demonstrated by students who are (A) attending the institution less than full time, (B) age 24 or older, (C) single parents, or (D) independent students, a reasonable proportion of the institution's loans shall be made available to such students.

(3) Notwithstanding paragraph (1) of this subsection, if the sum of a disbursement for any student and the other financial aid obtained by such student exceeds the amount of assistance for which the student is eligible under this title by \$300 or more, the institution such student is attending shall adjust the disbursement accordingly.

(c) CONTENTS OF LOAN AGREEMENT.—(1) Any agreement between an institution and a student for a loan from a student loan fund assisted under this part—

(A) * * *

* * * * *

[(C)(i) may provide, at the option of the institution, in accordance with regulations of the Secretary, that during the repayment period of the loan, payments of principal and interest by the borrower with respect to all outstanding loans made to the student from a student loan fund assisted under this part shall be at a rate equal to not less than \$30 per month, except that the institution may, subject to such regulations, permit a borrower to pay less than \$30 per month for a period of not more than one year where necessary to avoid hardship to the borrower, but without extending the 10-year maximum repayment period provided for in subparagraph (A) of this paragraph; and

[(ii) may provide that the total payments by a borrower for a monthly or similar payment period with respect to the aggregate of all loans held by the institution may, when the amount of a monthly or other similar payment is not a multiple of \$5, be rounded to the next highest whole dollar amount that is a multiple of \$5;]

(C)(i) for loans made before July 1, 1993, may provide, at the option of the institution, in accordance with regulations of the Secretary, that during the repayment period of the loan, pay-

ments of principal and interest by the borrower with respect to all outstanding loans made to the student from a student loan fund assisted under this part shall be at a rate equal to not less than \$30 per month, except that the institution may, subject to such regulations, permit a borrower to pay less than \$30 per month for a period of not more than one year where necessary to avoid hardship to the borrower, but without extending the 10-year maximum repayment period provided for in subparagraph (A) of this paragraph;

(ii) for loans made on or after July 1, 1993, may provide, at the option of the institution, in accordance with regulations of the Secretary, that during the repayment period of the loan, payments of principal and interest by the borrower with respect to all outstanding loans made to the student from a student loan fund assisted under this part shall be at a rate equal to not less than \$50 per month, except that the institution may, subject to such regulations, permit a borrower to pay less than \$50 per month for a period of not more than one year where necessary to avoid hardship to the borrower, but without extending the 10-year maximum repayment period provided for in subparagraph (A) of this paragraph; and

(iii) may provide that the total payments by a borrower for a monthly or similar payment period with respect to the aggregate of all loans held by the institution may, when the amount of a monthly or other similar payment is not a multiple of \$5, be rounded to the next highest whole dollar amount that is a multiple of \$5;

(2)(A) No repayment of principal of, or interest on, any loan from a student loan fund assisted under this part shall be required during any period in which the borrower—

(i) * * *

* * * * *

(viii) is on parental leave, as defined in section 435(h); [or]
(ix) is a mother with preschool age children who is just entering or reentering the workforce and who is compensated at a rate not to exceed \$1 in excess of the rate prescribed by section 6 of the Fair Labor Standards Act of 1938[.]; or

(x) is employed full-time by a public or private nonprofit child or family service agency to provide, or supervise the provision of, services to high-risk children who are from low-income communities and the families of such children.

The period during which repayment may be deferred by reason of clause (ii), (iii), (iv), (v), or (vii) shall not exceed 3 years. The period during which repayment may be deferred by reason of clause (vi) shall not exceed 2 years. The period during which repayment may be deferred by reason of clause (viii) shall not exceed 6 months. The period during which the repayment may be deferred by reason of clause (ix) shall not exceed 12 months.

* * * * *

(5) Requests for deferment of repayment of loans under this part by students engaged in graduate or postgraduate fellowship-supported study (such as pursuant to a Fulbright grant) outside the United

States may be approved until completion of the period of the fellowship.

* * * * *

(e) SPECIAL REPAYMENT RULE AUTHORITY.—(1) Subject to such restrictions as the Secretary may prescribe to protect the interest of the United States, in order to encourage repayment on loans made under this part which are in default, the Secretary may, in the agreement entered into under this part, authorize an institution of higher education to compromise on the repayment of such defaulted loans in accordance with paragraph (2).

(2) No compromise repayment of a defaulted loan as authorized by paragraph (1) may be made unless the student borrower pays—

(A) 90 percent of the loan under this part;

(B) the interest due on such loan; and

(C) any collection fees due on such loan;
in a lump sum payment.

CANCELLATION OF LOANS FOR CERTAIN PUBLIC SERVICE

Sec. 465. (a) CANCELLATION OF PERCENTAGE OF DEBT BASED ON YEARS OF QUALIFYING SERVICE.—(1)* * *

(2) Loans shall be canceled under paragraph (1) for service—

(A) as a full-time teacher for service in an academic year in a public or other nonprofit private elementary or secondary school which is in the school district of a local educational agency which is eligible in such year for assistance pursuant to chapter 1 of the Education Consolidation and Improvement Act of 1981, and which for the purpose of this paragraph and for that year has been determined by the Secretary (pursuant to regulations and after consultation with the State educational agency of the State in which the school is located) to be a school in which the enrollment of children counted under section 111(c) of the Elementary and Secondary Education Act of 1965 exceeds 30 percent of the total enrollment of that school [and such determination shall not be made with respect to more than 50 percent of the total number of schools in the State receiving assistance under such chapter 1], except that in the case of a borrower qualifying for cancellation under this subparagraph, cancellation shall be granted for one year following any year in which the qualifying elementary or secondary school loses its chapter 1 designation;

* * * * *

[(C) as a full-time teacher of children with disabilities in a public or other nonprofit elementary or secondary school system;]

(C) as a full-time teacher of infants, toddlers, children, or youth with disabilities in a public or other nonprofit elementary or secondary school system, or as a full-time qualified professional provider of early intervention services in a public or other nonprofit program under public supervision by the lead agency as authorized in section 676(b)(9) of the Individuals with Disabilities Education Act;

* * * * *

(E) as a volunteer under the Peace Corps Act or a volunteer under the Domestic Volunteer Service Act of 1973; [(D)]

(F) as a full-time law enforcement officer or corrections officer for service to local, State, or Federal law enforcement or corrections agencies [.] ;

(G) as a full-time nurse or medical technician providing health care services; or

(H) as a full-time employee of a public or private nonprofit child or family service agency who is providing, or supervising the provision of, services to high-risk children who are from low-income communities and the families of such children.

For the purpose of this paragraph, the term "children with disabilities" has the meaning set forth in section 602(a)(1) of the Individuals with Disabilities Education Act.

(3)(A) The percent of a loan which shall be canceled under paragraph (1) of this subsection is—

(i) in the case of service described in subparagraph [(A), (C), or (F)] (A), (C), (F), (G), or (H) of paragraph (2), at the rate of 15 percent for the first or second year of such service, 20 percent for the third or fourth year of such service, and 30 percent for the fifth year of such service;

* * * * *

DISTRIBUTION OF ASSETS FROM STUDENT LOAN FUNDS

SEC. 466. (a) * * *

* * * * *

(c) DISTRIBUTION OF EXCESS CAPITAL.—(1) Upon a finding by the institution or the Secretary prior to October 1, 1997, that the liquid assets of a student loan fund established pursuant to an agreement under this part exceed the amount required for loans or otherwise in the foreseeable future, and upon notice to such institution or to the Secretary, as the case may be, there shall be, subject to such limitations as may be included in regulations of the Secretary or in such agreement, a capital distribution from such fund. Such capital distribution shall be made as follows:

[(1)] (A) The Secretary shall first be paid an amount which bears the same ratio to the total to be distributed as the Federal capital contributions by the Secretary to the student loan fund prior to such distribution bear to the sum of such Federal capital contributions and the capital contributions to the fund made by the institution.

[(2)] (B) The remainder of the capital distribution shall be paid to the institution.

(2) No finding, that the liquid assets of a student loan fund established under this part exceed the amount required, under paragraph (1) of this subsection may be made prior to a date which is 2 years after the institution of higher education receives the funds from its allocation under section 462 with respect to such funds.

[COLLECTION OF DEFAULTED LOANS] COLLECTION OF DEFAULTED LOANS: PERKINS LOAN REVOLVING FUND

SEC. 467. (a) * * *

* * * * *

(c) **PERKINS LOAN REVOLVING FUND.**—(1) There is established by the Perkins Loan Revolving Fund which shall be available without fiscal year limitation to the Secretary to make payments under this part, in accordance with paragraph (2) of this subsection. There shall be deposited in the Perkins Revolving Loan Fund—

(A) all funds collected by the Secretary on any loan referred, transferred, or assigned under paragraph (5)(A), (5)(B)(i), or (6) of section 463(a);

(B) all funds collected by the Secretary on any loan referred under paragraph (5)(B)(ii) of section 463(a);

(C) all funds paid to the Secretary under section 460(c)(1)(A);

(D) all funds from a student loan fund under this part received by the Secretary as the result of the closure of an institution of higher education;

(E) all funds received by the Secretary as a result of an audit of a student loan fund established under this part; and

(F) all funds which have been appropriated and which the Secretary determines are not necessary for carrying out section 465, relating to the cancellation of certain loans under this part for qualifying service.

(2) Notwithstanding any other provision of law, the Secretary shall, from the Perkins Loan Revolving Fund established under paragraph (1), pay allocations of additional capital contributions to eligible institutions of higher education in accordance with section 462, except that funds described in subparagraph (B) of paragraph (1) shall be repaid to the institution of higher education which referred the loan, as specified in section 463(a)(5)(B)(ii). The Secretary shall make the payments required by this paragraph in a manner designed to maximize the availability of capital loan funds under this part.

* * * * *

DEFINITIONS

SEC. 469. (a) LOW-INCOME COMMUNITIES.—For the purpose of this part, the term “low-income communities” means communities in which there is a high concentration of children eligible to be counted under chapter 1 of title I of the Elementary and Secondary Education Act of 1965.

(b) **HIGH-RISK CHILDREN.**—For the purposes of this part, the term “high-risk children” means individuals under the age of 21 who are low income or at risk of abuse or neglect, have been abused or neglected, have serious emotional, mental, or behavioral disturbances, reside in placements outside their homes, or are involved in the juvenile justice system.

(c) **INFANTS, TODDLERS, CHILDREN, AND YOUTH WITH DISABILITIES.**—For purposes of this part, the term “infants, toddlers, children, and youth with disabilities” means children with disabilities and infants and toddlers with disabilities as defined in sections 602(a)(1) and 672(1), respectively of the Individuals with Disabilities Education Act, and the term “qualified professional provider of

early intervention services" has the meaning specified in section 672(2) of such Act.

LIMITATIONS

SEC. 469A. (a) TERMINATION.—No institution that has an agreement with the Secretary pursuant to section 452 may receive any funds pursuant to section 462 or make any new loans pursuant to part E of this title.

(b) DEPOSIT OF COLLECTIONS.—Any collections of loans made under part E after the institution has begun distributing funds to students pursuant to part D shall be deposited in an endowment fund, established and operated in accordance with regulations prescribed by the Secretary, the proceeds from which shall be awarded, in accordance with subpart 3 of part A of this title, to students in attendance at the institution.

[PART F—NEED ANALYSIS

[AMOUNT OF NEED

[SEC. 471. Except as otherwise provided therein, the amount of need of any student for financial assistance under this title (except subparts 1 and 3 of part A) is equal to the cost of attendance of such student minus the expected family contribution for such student.

[COST OF ATTENDANCE

[SEC. 472. For the purpose of this title (except for subpart 1 of part A and subject to section 478), the term "cost of attendance" means—

[(1) tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study;

[(2) an allowance for books, supplies, transportation, and miscellaneous personal expenses for a student attending the institution on at least a half-time basis, as determined by the institution;

[(3) an allowance (as determined by the institution) for room and board costs incurred by the student which—

[(A) shall be an allowance of not less than \$1,500 for a student without dependents residing at home with parents;

[(B) for students without dependents residing in institutionally owned or operated housing, shall be a standard allowance determined by the institution based on the amount normally assessed most of its residents for room and board; and

[(C) for all other students shall be an allowable based on the expenses reasonably incurred by such students for room and board, except that the amount may not be less than \$2,500;

[(4) for less than half-time students (as determined by the institution) tuition and fees and an allowance for only books,

supplies, and transportation (as determined by the institution) and dependent care expenses (in accordance with paragraph (7));

[(5) for a student engaged in a program of study by correspondence, only tuition and fees and, if required, books and supplies, travel, and room and board costs incurred specifically in fulfilling a required period of residential training;

[(6) for a student enrolled in an academic program which normally includes a formal program of study abroad, reasonable costs associated with such study (as determined by the institution);

[(7) for a student with one or more dependents, an allowance (as determined by the institution) based on the expenses reasonably incurred for dependent care based on the number and age of such dependents;

[(8) for a handicapped student, an allowance (as determined by the institution) for those expenses related to his or her handicap, including special services, transportation, equipment, and supplies that are reasonably incurred and not provided for by other assisting agencies; and

[(9) for a student receiving all or part of his or her instruction by means of telecommunications technology, no distinction shall be made with respect to the mode of instruction in determining costs, but this paragraph shall not be construed to permit including the cost of rental or purchase of equipment.

[FAMILY CONTRIBUTION

[SEC. 473. For the purpose of this title, except subparts 1 and 3 of part A, the term "family contribution" with respect to any student means the amount which the student and his or her family may be reasonably expected to contribute toward his or her postsecondary education for the academic year for which the determination is made, as determined in accordance with this part.

[DATA ELEMENTS USED IN DETERMINING EXPECTED FAMILY CONTRIBUTION

[SEC. 474. The following data elements are considered in determining the expected family contribution:

[(1) the available income of (A) the student and his or her spouse, or (B) the student (and spouse) and the student's parents, in the case of a dependent student;

[(2) the number of dependents in the family of the student;

[(3) the number of dependents in the family of the student who are enrolled in, on at least a half-time basis, a program of postsecondary education and for whom the family may reasonably be expected to contribute to their postsecondary education;

[(4) the net assets of (A) the student and his or her spouse, and (B) the student (and spouse) and the student's parents, in the case of a dependent student;

[(5) the marital status of the student;

[(6) any unusual medical and dental expenses of (A) the student and the student's parents, in the case of a dependent stu-

dent, or (B) the student and his or her dependents, in the case of an independent student;

[(7) the number of dependent children other than the student enrolled in a private elementary or secondary institution and the unreimbursed tuition paid (A) in the case of a dependent student, by the student's parents for such dependent children, or (B) in the case of an independent student with dependents, by the student or his or her spouse for such dependent children who are so enrolled; and

[(8) the additional expenses incurred (A) in the case of a dependent student, when both parents of the student are employed or when the family is headed by a single parent who is employed, or (B) in the case of an independent student, when both the student and his or her spouse are employed or when the employed student qualifies as a surviving spouse or as a head of a household under section 2 of the Internal Revenue Code of 1986.

[FAMILY CONTRIBUTION FOR DEPENDENT STUDENTS

[SEC. 475. (a) COMPUTATION OF EXPECTED FAMILY CONTRIBUTION.—For each dependent student the expected family contribution is equal to the sum of—

[(1) the parents' contribution from adjusted available income (determined in accordance with subsection (b));

[(2) the student (and spouse) contribution from available income (determined in accordance with subsection (g)); and

[(3) the student (and spouse) income supplemental amount from assets (determined in accordance with subsection (h)).

[(b) PARENTS' CONTRIBUTION FROM ADJUSTED AVAILABLE INCOME.—The parents' contribution from adjusted available income is equal to the amount determined by—

[(1) computing adjusted available income by adding—

[(A) the parents' available income (determined in accordance with subsection (c)); and

[(B) the parents' income supplemental amount from assets (determined in accordance with subsection (d));

[(2) assessing such adjusted available income in accordance with the assessment schedule set forth in subsection (e); and

[(3) dividing the assessment resulting under paragraph (2) by the number of family members who will be attending, on at least a half-time basis, a program of postsecondary education during the award period for which assistance under this title is requested;

except that the amount determined under this subsection shall not be less than zero.

[(c) PARENTS' AVAILABLE INCOME.—

[(1) **IN GENERAL.—**The parents' available income is determined by deducting from total income (as defined in section 480)—

[(A) Federal income taxes;

[(B) an allowance for State and other taxes, determined in accordance with paragraph (2);

[(C) an allowance for social security taxes, determined in accordance with paragraph (3);

[(D) a standard maintenance allowance, determined in accordance with paragraph (4);

[(E) an employment expense allowance, determined in accordance with paragraph (5);

[(F) a medical-dental expense allowance, determined in accordance with paragraph (6); and

[(G) an educational expense allowance, determined in accordance with paragraph (7).

[(2) ALLOWANCE FOR STATE AND OTHER TAXES.—The allowance for State and other taxes is equal to an amount determined by multiplying total income (as defined in section 480) by a percentage determined according to the following table (or a successor table prescribed by the Secretary under section 478):

[Percentages for Computation of State and Other Tax Allowance

If parents' State or territory of residence is—	And parents' total income is—	
	Less than \$15,000 or	\$15,000 or more
	then the percentage is—	
Alaska, Puerto Rico, Wyoming	3	2
American Samoa, Guam, Louisiana, Nevada, Texas, Trust Territory, Virgin Islands	4	3
Florida, South Dakota, Tennessee, New Mexico	5	4
North Dakota, Washington	6	5
Alabama, Arizona, Arkansas, Indiana, Mississippi, Missouri, Montana, New Hampshire, Oklahoma, West Virginia ...	7	6
Colorado, Connecticut, Georgia, Illinois, Kansas, Kentucky ...	8	7
California, Delaware, Idaho, Iowa, Nebraska, North Carolina, Ohio, Pennsylvania, South Carolina, Utah, Vermont, Virginia, Canada, Mexico	9	8
Maine, New Jersey	10	9
District of Columbia, Hawaii, Maryland, Massachusetts, Oregon, Rhode Island	11	10
Michigan, Minnesota	12	11
Wisconsin	13	12
New York	14	13

[(3) ALLOWANCE FOR SOCIAL SECURITY TAXES.—The allowance for social security taxes is equal to the amount earned by each parent multiplied by the social security withholding rate appropriate to the tax year of the earnings, up to the maximum statutory social security tax withholding amount for that same tax year.

[(4) STANDARD MAINTENANCE ALLOWANCE.—The standard maintenance allowance is the amount of reasonable living expenses that would be associated with the maintenance of an individual or family. The standard maintenance allowance is determined by the following table (or a successor table prescribed by the Secretary under section 478):

[Standard Maintenance Allowance

Family Size	Number in College					For each additional subtract:
(including student)	1	2	3	4	5	
2	\$8,380	\$6,950				
3	10,440	9,010	\$7,580			
4	12,890	11,460	10,030	\$8,600		
5	15,210	13,780	12,350	10,920	\$8,490	
6	17,790	16,360	14,930	13,500	12,070	1,430
For each additional add:	2,010	2,010	2,010	2,010	2,010	

[(5) **EMPLOYMENT EXPENSE ALLOWANCE.**—The employment expense allowance is determined as follows:

[(A) If both parents were employed in the year for which their income is reported and both have their incomes reported in determining the expected family contribution, such allowance is equal to the lesser of \$2,100 or 35 percent of the earned income of the parent with the lesser earned income.

[(B) If a parent qualifies as a head of household as defined in section 2 of the Internal Revenue Code, such allowance is equal to the lesser of \$2,100 or 35 percent of his or her earned income.

For any award year after award year 1987 1988, this paragraph shall be applied by increasing the dollar amount specified in subparagraphs (A) and (B) to reflect increases in the amount and percent of the Bureau of Labor Standards budget of the marginal costs for meals away from home, apparel and upkeep, transportation, and housekeeping services for a two-worker versus one-worker family.

[(6) **MEDICAL-DENTAL EXPENSE ALLOWANCE.**—The medical-dental expense allowance is equal to the amount by which the sum of unreimbursed medical and dental expenses, including medical insurance premiums, exceeds 5 percent of the total income of the parents.

[(7) **EDUCATIONAL EXPENSE ALLOWANCE.**—The educational expense allowance is equal to the unreimbursed tuition and fees paid by the student's parents for each dependent child, other than the student, enrolled in an elementary or secondary school, not to exceed for each such child the national average per pupil instructional cost as published by the Center for Educational Statistics using the most recent available data.

[(d) **PARENTS' INCOME SUPPLEMENTAL AMOUNT FROM ASSETS.**—

[(1) **IN GENERAL.**—The parents' income supplemental amount from assets is equal to—

[(A) the parental net worth (determined in accordance with paragraph (2)); minus

[(B) the asset protection allowance (determined in accordance with paragraph (3)); multiplied by

[(C) the asset conversion rate (determined in accordance with paragraph (4)).

[(2) PARENTAL NET WORTH.—The parental net worth is calculated by adding—

[(A) the current balance of checking and savings accounts and cash on hand;

[(B) the net value of investments and real estate, including the net value of the principal place of residence except in the case of a dislocated worker (certified in accordance with title III of the Job Training Partnership Act) or a displaced homemaker (as defined in section 480(e) of this Act); and

[(C) the adjusted net worth of a business or farm, computed on the basis of the net worth of such business or farm (hereafter in this subsection referred to as "NW"), determined in accordance with the following table (or a successor table prescribed by the Secretary under section 478):

[Adjusted Net Worth of a Business or Farm]

If the net worth of a business or farm is—	Then the adjusted net worth is:
Less than \$1	\$0
\$1–\$60,000	40 percent of NW
\$60,001–\$180,000	\$24,000 plus 50 percent of NW over \$60,000
\$180,001–\$300,000	\$84,000 plus 60 percent of NW over \$180,000
\$300,001 or more	\$156,000 plus 100 percent of NW over \$300,000

[(3) ASSET PROTECTION ALLOWANCE.—The asset protection allowance is calculated according to the following table:

[Asset Protection Allowances for Families and Students]

If the age of the oldest parent is—	And there are	
	two parents	one parent
	then the asset protection allowance is—	
25 or less	\$0	\$0
26	1,900	1,500
27	3,900	3,000
28	5,800	4,500
29	7,800	6,100
30	9,700	7,600
31	11,700	9,100
32	13,600	10,600
33	15,600	12,100
34	17,500	13,600
35	19,500	15,100
36	21,400	16,600
37	23,400	18,200
38	25,300	19,700

[Asset Protection Allowances for Families and Students—Continued]

If the age of the oldest parent is—	And there are	
	two parents	one parent
39	27,300	21,200
40	29,200	22,700
41	30,000	23,200
42	30,800	23,800
43	31,600	24,200
44	32,500	24,800
45	33,300	25,400
46	34,200	26,100
47	35,200	26,700
48	36,100	27,200
49	37,300	27,900
50	38,300	28,800
51	39,600	29,500
52	40,900	30,300
53	42,000	31,000
54	43,400	32,000
55	44,800	32,800
56	46,300	33,800
57	48,100	34,600
58	49,700	35,700
59	51,600	36,800
60	53,300	37,900
61	55,300	39,000
62	57,400	40,200
63	59,600	41,400
64	61,800	42,600
65 or more	64,100	44,100

[(4) ASSET CONVERSION RATE.—The asset conversion rate is determined as follows:

[(A) if the parental net worth (determined in accordance with paragraph (2)) minus the asset protection allowance (determined in accordance with paragraph (3)) is equal to or greater than zero, the conversion rate is 12 percent;

[(B) if such parental net worth minus such asset protection allowance is less than zero and the parents' contribution from available income (determined in accordance with subsection (c)) is greater than \$15,999, the conversion rate is zero percent;

[(C) if such parental net worth minus such asset protection allowance is less than zero and such parents' available income is equal to or greater than zero but less than \$16,000, the conversion rate (rounded to 3 decimal places) is equal to 6 percent multiplied by a fraction—

[(i) the numerator of which is equal to \$16,000 minus such parents' available income; and

[(ii) the denominator of which is \$16,000; and

[(D) if such parental net worth minus such asset protection allowance is less than zero and such parents' available income is less than zero, the conversion rate is 6 percent.

[(e) ASSESSMENT SCHEDULE.—The adjusted available income (as determined under subsection (b)(1) and hereafter in this subsection referred to as "AAI") is assessed according to the following table (or a successor table prescribed by the Secretary under section 479):

[Parents' Assessment From Adjusted Available Income (AAI)]

If AAI is—	Then the assessment is—
Less than —\$3,409	\$750
\$3,409 to \$7,500	22% of AAI
\$7,501 to \$9,400	\$1,650 + 25% of AAI over \$7,500
\$9,401 to \$11,300	\$2,125 + 29% of AAI over \$9,400
\$11,301 to \$13,200	\$2,676 + 34% of AAI over \$11,300
\$13,201 to \$15,100	\$3,322 + 40% of AAI over \$13,200
\$15,101 or more	\$4,982 + 47% of AAI over \$15,100

[(f) COMPUTATIONS IN CASE OF SEPARATION, DIVORCE, REMARRIAGE, OR DEATH.—

[(1) DIVORCED OR SEPARATED PARENTS.—Income for a student whose parents are divorced or separated is determined under the following procedures:

[(A)] Include only the income of the parent with whom the student resided for the greater portion of the 12-month period preceding the date of the application.

[(B)] If the preceding criterion does not apply, include only the income of the parent who provided the greater portion of the student's support for the 12-month period preceding the date of application.

[(C)] If neither of the preceding criteria apply, include only the income of the parent who provided the greater support during the most recent calendar year for which parental support was provided.

[(2) DEATH OF A PARENT.—Income in the case of the death of any parent is determined as follows:

[(A)] If either of the parents have died, the student shall include only the income of the surviving parent.

[(B)] If both parents have died, the student shall not report any parental income.

[(3) REMARRIED PARENTS.—Income in the case of a parent whose income is taken into account under paragraph (1) of this subsection, or a parent who is a widow or widower and whose income is taken into account under paragraph (2) of this subsection, has remarried, is determined as follows: The income for that parent's spouse shall be included in determining the student's annual adjusted family income if—

[(A)] the student's parent and the stepparent are married as of the date of application for the award year concerned; and

[(B)] the student is not an independent student.

[(g) STUDENT CONTRIBUTION FROM AVAILABLE INCOME.—

[(1) IN GENERAL.—The student (and spouse) contribution from available income is equal to the greater of—

[(A) a mandatory self-help amount of \$700 for a first-year undergraduate student;

[(B) a mandatory self-help amount of \$900 for any other student; or

[(C) an amount equal to 70 percent of the student's total income (determined in accordance with section 480) minus the adjustment to student (and spouse) (determined in accordance with paragraph (2)).

[(2) ADJUSTMENT TO STUDENT (AND SPOUSE) INCOME.—The adjustment to student (and spouse) income is equal to the sum of—

[(A) estimated Federal income taxes of the student (and spouse);

[(B) an allowance for State and local income taxes (determined in accordance with paragraph (3)); and

[(C) an allowance for social security taxes determined in accordance with paragraph (4).

[(3) ALLOWANCE FOR STATE AND LOCAL INCOME TAXES.—The allowance for State and local income taxes is equal to an amount determined by multiplying total taxable income (as defined in section 480) by a percentage determined according to the following table (or a successor table prescribed by the Secretary under section 478):

[Percentages for Computation of State and Local Income Tax Allowance]

If the students' State or territory of residence is—	The percentage is—
Alaska, American Samoa, Florida, Guam, Nevada, South Dakota, Tennessee, Texas, Trust Territory, Virgin Islands, Washington, Wyoming ..	0
Connecticut, Louisiana, Puerto Rico	1
Arizona, New Hampshire, New Mexico, North Dakota	2
Alabama, Colorado, Illinois, Indiana, Kansas, Mississippi, Missouri, Montana, Nebraska, New Jersey, Oklahoma	3
Arkansas, Georgia, Iowa, Kentucky, Maine, Pennsylvania, Utah, Vermont, Virginia, West Virginia, Canada, Mexico	4
California, Idaho, Massachusetts, North Carolina, Ohio, Rhode Island, South Carolina	5
Hawaii, Maryland, Michigan, Wisconsin	6
Delaware, District of Columbia, Minnesota, Oregon	7
New York	8

[(4) ALLOWANCE FOR SOCIAL SECURITY TAXES.—The allowance for social security taxes is equal to the amount earned by the student (and spouse) multiplied by the social security withholding rate appropriate to the tax year of the earnings, up to the maximum statutory social security tax withholding amount for that same tax year.

[(h) STUDENT (AND SPOUSE) INCOME SUPPLEMENTAL AMOUNT FROM ASSETS.—The student (and spouse) supplemental income from assets is determined by calculating the net assets of the student (and spouse) and multiplying the amount by 35 percent, except that in the case of a student who is a dislocated worker (certified in accordance with title III of the Job Training Partnership Act) or a

displaced homemaker (as defined in section 480(e) of this Act), the net value of a principal place of residence shall be considered to be zero.

[(i) ADJUSTMENTS FOR ENROLLMENT PERIODS OTHER THAN 9 MONTHS.—For periods of enrollment other than nine months, the parents' contribution from adjusted available income is determined as follows:

[(1) For periods of enrollment less than 9 months, the parents' contribution from adjusted available income (determined in accordance with subsection (b)) is divided by 9 and the result multiplied by the number of months enrolled.

[(2) For periods of enrollment greater than 9 months—

[(A) the parents' adjusted available income (determined in accordance with subsection (b)(1)) is increased by the difference between the standard maintenance allowance (determined in accordance with subsection (c)(4)) for a family of four and a family of five, each with one child in college;

[(B) the resulting revised parents' adjusted available income is assessed according to subsection (e) and adjusted according to subsection (b)(3) to determine a revised parents' contribution from adjusted available income;

[(C) the original parents' contribution from adjusted available income is subtracted from the revised parents' contribution from adjusted available income, and the result is divided by 12 to determine the monthly adjustment amount; and

[(D) the original parents' contribution from adjusted available income is increased by the product of the monthly adjustment amount multiplied by the number of months greater than 9 for which the student will be enrolled.

[FAMILY CONTRIBUTION FOR INDEPENDENT STUDENTS WITHOUT DEPENDENTS]

[SEC. 476. (a) COMPUTATION OF EXPECTED FAMILY CONTRIBUTION.—For each independent student without dependents (including a spouse), the expected family contribution is equal to the sum of—

[(1) the student's contribution from income (determined in accordance with subsection (b)); and

[(2) the student's income supplemental amount from assets (determined in accordance with subsection (c)).

[(b) STUDENT'S CONTRIBUTION FROM INCOME.—

[(1) IN GENERAL.—The student's contribution from income is determined by—

[(A) adding the student's adjusted gross income and any income earned from work but not reported on a Federal income tax return, and subtracting excludable income (as defined in section 480);

[(B) computing the student's available taxable income by deducting from the amount determined under subparagraph (a)—

[(i) Federal income taxes;

[(ii) an allowance for State and local income taxes, determined in accordance with paragraph (2);

[(iii) the allowance for social security taxes, determined in accordance with paragraph (3); and

[(iv) a maintenance allowance for periods of non-enrollment not to exceed \$600 per month;

[(C) assessing such available taxable income in accordance with paragraph (4); and

[(D) adding to the assessment resulting under subparagraph (C) the amount of the untaxed income and benefits of the student (determined in accordance with section 480(c) plus the amount of veterans' benefits paid during the award period under chapters 32, 34, and 35 of title 28, United States Code),

except that the student's contribution from income shall not be less than \$1,200.

[(2) ALLOWANCE FOR STATE AND LOCAL INCOME TAXES.—The allowance for State and local income taxes is equal to an amount determined by multiplying total taxable income (as defined in section 480) by a percentage determined according to the following table (or a successor table prescribed by the Secretary under section 478):

[Percentages for Computation of State and Local Income Tax Allowance

If the students' State or territory of residence is—	The percent- age is—
Alaska, American Samoa, Florida, Guam, Nevada, South Dakota, Tennessee, Texas, Trust Territory, Virgin Islands, Washington, Wyoming ..	0
Connecticut, Louisiana, Puerto Rico	1
Arizona, New Hampshire, New Mexico, North Dakota	2
Alabama, Colorado, Illinois, Indiana, Kansas, Mississippi, Missouri, Montana, Nebraska, New Jersey, Oklahoma	3
Arkansas, Georgia, Iowa, Kentucky, Maine, Pennsylvania, Utah, Vermont, Virginia, West Virginia, Canada, Mexico	4
California, Idaho, Massachusetts, North Carolina, Ohio, Rhode Island, South Carolina	5
Hawaii, Maryland, Michigan, Wisconsin	6
Delaware, District of Columbia, Minnesota, Oregon	7
New York	8

[(3) ALLOWANCE FOR SOCIAL SECURITY TAXES.—The allowance for social security taxes is equal to the amount earned by the student multiplied by the social security withholding rate appropriate to the tax year of the earnings, up to the maximum statutory social security tax withholding amount for that same tax year.

[(4) ASSESSMENT OF AVAILABLE TAXABLE INCOME.—The student's available taxable income (determined in accordance with paragraph (1)(A) of this subsection) is assessed as follows:

[(A) if such available taxable income is equal to or greater than \$0 but less than or equal to \$8,600, then the assessment is equal to 70 percent of such available taxable income; and

[(B) if such available taxable income is greater than \$8,600, then the assessment is equal to \$6,020 plus 90 percent of such available taxable income in excess of \$8,600.]

[(c) STUDENT'S INCOME SUPPLEMENTAL AMOUNT FROM ASSETS.—

[(1) IN GENERAL.—The student's income supplemental amount from assets is equal to—

[(A) the student's net worth (determined in accordance with paragraph (2)); minus

[(B) the asset protection allowance (determined in accordance with paragraph (3)); multiplied by

[(C) the asset conversion rate (determined in accordance with paragraph (4));

except that the student's income supplemental amount from assets shall not be less than zero.

[(2) STUDENT'S NET WORTH.—The student's net worth is calculated by adding—

[(A) the current balance of checking and savings accounts and cash on hand;

[(B) the net value of investments and real estate, including the net value in the principal place of residence except in the case of a displaced worker (certified in accordance with title III of the Job Training Partnership Act) or a displaced homemaker (as defined in section 480(e) of this Act); and

[(C) the adjusted net worth of a business or farm, computed on the basis of the net worth of such business or farm (hereafter referred to as "NW"), determined in accordance with the following table (or a successor table prescribed by the Secretary under section 478):

[Adjusted Net Worth of a Business or Farm

If the net worth of a business or farm is—	Then the adjusted net worth is—
Less than \$1	\$0
\$1-\$60,000	40 percent of NW
\$60,001-\$180,000	\$24,000 plus 50 percent of NW over \$60,000
\$180,001-\$300,000	\$84,000 plus 60 percent of NW over \$180,000
\$300,001 or more	\$156,000 plus 100 percent of NW over \$300,000

[(3) ASSET PROTECTION ALLOWANCE.—The asset protection allowance is calculated according to the following table:

[Asset Protection Allowances for Students

If the age of the student is—	Then the asset protection allowance is—
25 or less	\$0
26	1,500

[Asset Protection Allowances for Students—Continued]

If the age of the student is—	Then the asset protection allowance is—
27	3,000
28	4,500
29	6,100
30	7,600
31	9,100
32	10,600
33	12,100
34	13,600
35	15,100
36	16,600
37	18,200
38	19,700
39	21,200
40	22,700
41	23,200
42	23,800
43	24,200
44	24,800
45	25,400
46	26,100
47	26,700
48	27,200
49	27,900
50	28,800
51	29,500
52	30,300
53	31,000
54	32,000
55	32,800
56	33,800
57	34,600
58	35,700
59	36,800
60	37,900
61	39,000
62	40,200
63	41,400
64	42,600
65 or more	44,100

[(4) ASSET CONVERSION RATE.—The asset conversion rate is 35 percent.

[FAMILY CONTRIBUTION FOR INDEPENDENT STUDENTS WITH DEPENDENTS]

[SEC. 477. (a) COMPUTATION OF EXPECTED FAMILY CONTRIBUTION.—For each independent student with dependents (including a spouse) the expected family contribution is equal to the amount determined by—

[(1) computing adjusted available income by adding—

[(A) the family's available income (determined in accordance with subsection (b));

[(B) the family's income supplemental amount from assets (determined in accordance with subsection (c)); and

[(C) the amount of veterans' benefits to be paid during the award period under chapters 32, 34, and 35 of title 38, United States Code;

[(2) assessing such adjusted available income in accordance with an assessment schedule set forth in subsection (d); and

[(3) dividing the assessment resulting under paragraph (2) by the number of family members who will be attending, on at least a half-time basis, a program of postsecondary education during the award period for which assistance under this title is requested;

except that the amount determined under this subsection shall not be less than zero

[(b) FAMILY'S AVAILABLE INCOME.—

[(1) IN GENERAL.—The family's available income is determined by deducting from total income (as defined in section 480)—

[(A) Federal income taxes;

[(B) an allowance for State and other taxes, determined in accordance with paragraph (2);

[(C) an allowance for social security taxes, determined in accordance with paragraph (3);

[(D) a standard maintenance allowance, determined in accordance with paragraph (4);

[(E) an employment expense allowance, determined in accordance with paragraph (5);

[(F) a medical-dental expense allowance, determined in accordance with paragraph (6); and

[(G) an educational expense offset, determined in accordance with paragraph (7);

except that the family's available income shall not be less than \$700 for a first year undergraduate student or \$900 for any other student.

[(2) ALLOWANCE FOR STATE AND OTHER TAXES.—The allowance for State and other taxes is equal to an amount determined by multiplying total income (as defined in section 480) by a percentage determined according to the following table (or a successor table prescribed by the Secretary under section 478):

[(Percentages for Computation of State and Other Tax Allowance

If student's State or territory of residence is—	And student's total income is—	
	less than \$15,000	\$15,000 or more
	then the percentage is—	
Alaska, Puerto Rico, Wyoming	3	2
American Samoa, Guam, Louisiana, Nevada, Texas, Trust Territory, Virgin Islands	4	3
Florida, South Dakota, Tennessee, New Mexico	5	4
North Dakota, Washington	6	5
Alabama, Arizona, Arkansas, Indiana, Mississippi, Missouri, Montana, New Hampshire, Oklahoma, West Virginia ..	7	6

Percentages for Computation of State and Other Tax Allowance—Continued

If student's State or territory of residence is—	And student's total income is—	
	less than \$15,000	\$15,000 or more
Colorado, Connecticut, Georgia, Illinois, Kansas, Kentucky...	8	7
California, Delaware, Idaho, Iowa, Nebraska, North Carolina, Ohio, Pennsylvania, South Carolina, Utah, Vermont, Virginia, Canada, Mexico.....	9	8
Maine, New Jersey.....	10	9
District of Columbia, Hawaii, Maryland, Massachusetts, Oregon, Rhode Island.....	11	10
Michigan, Minnesota.....	12	11
Wisconsin.....	13	12
New York.....	14	13

[(3) ALLOWANCE FOR SOCIAL SECURITY TAXES.]—The allowance for social security taxes is equal to the amount earned by the student and the student's spouse multiplied by the social security withholding rate appropriate to the tax year of the earnings, up to the maximum statutory social security tax withholding amount for that same tax year.

[(4) STANDARD MAINTENANCE ALLOWANCE.]—The standard maintenance allowance is the amount of reasonable living expenses that would be associated with the maintenance of an individual or family. The standard maintenance allowance is determined by the following table (or a successor table prescribed by the Secretary under section 479):

Family size (including student)	Number in college					For each additional subtract:
	1	2	3	4	5	
2	\$8,380	\$6,950				
3	10,440	9,010	\$7,580			
4	12,890	11,460	10,030	\$8,600		
5	15,210	13,780	12,350	10,920	\$8,490	
6	17,790	16,360	14,930	13,500	12,070	1,430
For each additional add:	2,010	2,010	2,010	2,010	2,010	

[(5) EMPLOYMENT EXPENSE ALLOWANCE.]—The employment expense allowance is determined as follows:

[(A)] If both the student and a spouse were employed in the year for which their income is reported and both have their incomes reported in determining the expected family contribution, such allowance is equal to the lesser of \$2,100 or 35 percent of the earned income of the student or spouse with the lesser earned income.

[(B)] If a student qualifies as a head of household as defined in section 2 of the Internal Revenue Code, such al-

lowance is equal to the lesser of \$2,100 or 35 percent of his or her earned income.

For any award year after award year 1987-1988, this paragraph shall be applied by increasing the dollar amount specified in subparagraphs (A) and (B) to reflect increases in the amount and percent of the Bureau of Labor Standards budget of the marginal costs for meals away from home, apparel and upkeep, transportation, and housekeeping services for a two-worker versus one-worker family.

[(6) **MEDICAL-DENTAL EXPENSE ALLOWANCE.**—The medical-dental expense allowance is equal to the amount by which the sum of unreimbursed medical and dental expenses, including medical insurance premiums, exceeds 5 percent of the total income of the family.

[(7) **EDUCATIONAL EXPENSE ALLOWANCE.**—The educational expense allowance is equal to the unreimbursed tuition and fees paid by the student or the student's spouse, or both, for each dependent child, enrolled in elementary or secondary school, not to exceed for each such child the national average per pupil instructional cost as published by the Center for Educational Statistics using the most recent available data.

[(c) **FAMILY INCOME SUPPLEMENTAL AMOUNT FROM ASSETS.**—

[(1) **IN GENERAL.**—The family's income supplemental amount from assets is equal to—

[(A) the family net worth (determined in accordance with paragraph (2)); minus

[(B) the asset protection allowance (determined in accordance with paragraph (3)); multiplied by

[(C) the asset conversion rate (determined in accordance with paragraph (4)).

[(2) **FAMILY NET WORTH.**—The family net worth is calculated by adding—

[(A) the current balance of checking and savings accounts and cash on hand;

[(B) the net value of investments and real estate, including the net value in the principal place of residence except in the case of a displaced worker (certified in accordance with title III of the Job Training Partnership Act) or a displaced homemaker (as defined in section 480(e) of this Act); and

[(C) the adjusted net worth of a business or farm, computed on the basis of the net worth of such business or farm (hereafter referred to as "NW"), determined in accordance with the following table (or a successor table prescribed by the Secretary under section 478):

[(Adjusted Net Worth of a Business or Farm

If the net worth of a business or farm is—	Then the adjusted net worth is—
Less than \$1	\$0
\$1-\$60,000	40 percent of NW
\$60,001-\$180,000	\$24,000 plus 50 percent of NW over \$60,000

【Adjusted Net Worth of a Business or Farm—Continued

If the net worth of a business or farm is—	Then the adjusted net worth is—
\$180,001–\$300,000	\$84,000 plus 60 percent of NW over \$180,000
\$300,001 or more	\$156,000 plus 100 percent of NW over \$300,000

【(3) ASSET PROTECTION ALLOWANCE.—The asset protection allowance is calculated according to the following table:

【Asset Protection Allowance for Families and Students

If the age of the student is—	And there are	
	two spouses	one spouse
	Then the asset protection allowance is—	
25 or less	\$0	\$0
26	1,900	1,500
27	3,900	3,000
28	5,800	4,500
29	7,800	6,100
30	9,700	7,600
31	11,700	9,100
32	13,600	10,600
33	15,600	12,100
34	17,500	13,600
35	19,500	15,100
36	21,400	16,600
37	23,400	18,200
38	25,300	19,700
39	27,300	21,200
40	29,200	22,700
41	30,000	23,200
42	30,800	23,800
43	31,600	24,200
44	32,500	24,800
45	33,300	25,400
46	34,200	26,100
47	35,200	26,700
48	36,100	27,200
49	37,300	27,900
50	38,300	28,800
51	39,600	29,500
52	40,900	30,300
53	42,000	31,000
54	43,400	32,000
55	44,800	32,800
56	46,300	33,800
57	48,100	34,600
58	49,700	35,700
59	51,600	36,800
60	53,300	37,900
61	55,300	39,000
62	57,400	40,000

[Asset Protection Allowance for Families and Students—Continued]

If the age of the student is—	And there are	
	two spouses	one spouse
63	59,600	41,400
64	61,800	42,600
65 or more	64,100	44,100

[(4) ASSET CONVERSION RATE.—The asset conversion rate is determined as follows:

[(A) if the family's net worth (determined in accordance with paragraph (2)) minus the asset protection allowance (determined in accordance with paragraph (3)) is equal to or greater than zero, the conversion rate is 12 percent;

[(B) if such family's net worth minus such asset protection allowance is less than zero and the family's available income (determined in accordance with subsection (c)) is greater than \$15,999, the conversion rate is zero percent;

[(C) if such family's net worth minus such asset protection allowance is less than zero and such family's available income is equal to or greater than zero but less than \$16,000, the conversion rate is equal to 6 percent multiplied by a fraction—

[(i) the numerator of which is equal to \$16,000 minus such family's available income; and

[(ii) the denominator of which is \$16,000; and

[(D) if such family's net worth minus such asset protection allowance is less than zero and such family's available income is less than zero, the conversion rate is 6 percent.

[(d) ASSESSMENT SCHEDULE.—The adjusted available income (as determined under subsection (a)(1) and hereafter referred to as "AAI") is assessed according to the following table (or a successor table prescribed by the Secretary under section 478):

[Assessment From Adjusted Available Income (AAI)]

If AAI is—	Then the assessment is—
Less than \$3,409	\$750
\$3,409 to \$7,500	22% of AAI
\$7,501 to \$9,400	\$1,650 + 25% of AAI over \$7,500
\$9,401 to \$11,300	\$2,125 + 29% of AAI over \$9,400
\$11,301 to \$13,200	\$2,676 + 34% of AAI over \$11,300
\$13,201 to \$15,100	\$3,322 + 40% of AAI over \$13,200
\$15,101 or more	\$4,082 + 47% of AAI over \$15,100

[REGULATIONS; UPDATED TABLES]

[SEC. 478 (a) AUTHORITY TO PRESCRIBE REGULATIONS RESTRICTED.—(1) Notwithstanding any other provision of law, the Secretary shall not have the authority to prescribe regulations to carry out this part except—

[(A) to prescribe updated tables in accordance with subsections (b) through (e) of this section; or

[(B) to propose modifications in the need analysis methodology required by this part.

[(2) Any regulation proposed by the Secretary that (A) updates tables in a manner that does not comply with subsections (b) through (e) of this section, or (B) that proposes modifications under paragraph (1)(B) of this subsection, shall not be effective unless approved by joint resolution of the Congress by May 1 following the date such regulations are published in the Federal Register in accordance with section 482. If the Congress fails to approve such regulations by such May 1, the Secretary shall publish in the Federal Register in accordance with section 482 updated tables for the applicable award year that are prescribed in accordance with subsections (b) through (e) of this section.

[(b) STANDARD MAINTENANCE ALLOWANCE.—For each academic year after academic year 1987–1988, the Secretary shall publish in the Federal Register a revised table of standard maintenance allowances for the purpose of sections 475(c)(4) and 477(b)(4). Such revised table shall be developed by increasing each of the dollar amounts contained in the table in each such section by a percentage equal to the estimated percentage increase in the Consumer Price Index (as determined by the Secretary after consultation with the Advisory Committee on Student Financial Assistance) between December 1986 and the December next preceding the beginning of such academic year, and rounding the result to the nearest \$10.

[(c) ADJUSTED NET WORTH OF A FARM OR BUSINESS.—For each academic year after academic year 1987–1988, the Secretary shall publish in the Federal Register a revised table of adjusted net worth of a farm or business for the purpose of sections 475(d)(2)(C), 476(c)(2)(C), and 477(c)(2)(C). Such revised table shall be developed—

[(1) by increasing each dollar amount that refers to net worth of a farm or business by a percentage equal to the estimated percentage increase in the Consumer Price Index (as determined by the Secretary after consultation with the Advisory Committee on Student Financial Assistance) between 1986 and the December next preceding the beginning of such academic year, and rounding the result to the nearest \$5,000; and

[(2) by adjusting the dollar amounts "\$24,000", "\$84,000", and "\$156,000" to reflect the changes made pursuant to paragraph (1).

[(d) ASSET PROTECTION ALLOWANCE.—For each academic year after academic year 1987–1988, the Secretary shall publish in the Federal Register a revised table of asset protection allowances for purposes of sections 475(d)(3), 476(c)(3), and 477(c)(3). Such revised table shall be developed by determining the present value cost, rounded to the nearest \$100, of an annuity that would provide, for each age cohort of 40 and above, a supplemental income at age 65 (adjusted for inflation) equal to the difference between the moderate family income (as most recently determined by the Bureau of Labor Statistics) and the current average social security retirement benefits. For each age cohort below 40, the asset protection allowance shall be computed by decreasing the asset protection allowance for age 40, as updated, by one-fifteenth for each year of age below age 40 and rounding the result to the nearest \$100. In making such determinations—

[(1) inflation shall be presumed to be 6 percent per year;
 [(2) the rate of return of an annuity shall be presumed to be 8 percent; and

[(3) the sales commission on an annuity shall be presumed to be 6 percent.

[(e) ASSESSMENT SCHEDULES AND RATES.—(1) For each academic year after academic year 1987–1988, the Secretary shall publish in the Federal Register a revised table of assessments from adjusted available income for the purpose of sections 475(e) and 477(d). Such revised table shall be developed—

[(A) by increasing each dollar amount that refers to adjusted available income by a percentage equal to the estimated percentage increase in the Consumer Price Index (as determined by the Secretary after consultation with the Advisory Committee on Student Financial Assistance) between December 1986 and the December next preceding the beginning of such academic year, rounded to the nearest \$100; and

[(B) by adjusting the other dollar amounts to reflect the changes made pursuant to subparagraph (A).

[(2) For each academic year after academic year 1987–1988, the assessments made pursuant to section 476(b)(4) shall be made—

[(A) by increasing each dollar amount that refers to adjusted available income by a percentage equal to the estimated percentage increase in the Consumer Price Index (as determined by the Secretary after consultation with the Advisory Committee on Student Financial Assistance) between December 1986 and the December next preceding the beginning of such academic year, rounded to the nearest \$100; and

[(B) by adjusting the other dollar amount to reflect the changes made pursuant to subparagraph (A).

The Secretary shall publish in the Federal Register the adjustments required to carry out this paragraph.

[(f) DEFINITION OF CONSUMER PRICE INDEX.—As used in this section, the term “Consumer Price Index” means the Consumer Price Index for All Urban Consumers published by the Department of Labor. Each annual update of tables to reflect changes in the Consumer Price Index shall be corrected for misestimation of actual changes in such Index in previous years.

[(SIMPLIFIED NEEDS TEST

[(SEC. 479. (a) APPLICABLE TO ALL TITLE IV PROGRAMS.—The Secretary shall use a simplified needs analysis for any provision of this title based upon the elements set forth in subsection (b) for the calculation of the expected family contribution for families (1) who have adjusted gross incomes which are equal to or less than \$15,000 per year and (2) who file a form 1040A or 1040EZ pursuant to the Internal Revenue Code of 1986, or are not required to file pursuant to such Code, or who file an income tax return pursuant to the tax code of the Commonwealth of Puerto Rico or who are not required to file pursuant to that tax code.

[(b) ELEMENTS IN TESTS.—The five elements to be used for the simplified needs analysis are—

[(1) adjusted gross income,

- [(2) Federal taxes paid,
- [(3) untaxed income and benefits,
- [(4) the number of family members,
- [(5) the number of family members in postsecondary education; and

[(6) an allowance (A) for State and other taxes, as defined in section 475(c)(2) for dependent students and in section 477(b)(2) for independent students with dependents, or (B) for State and local income taxes, as defined in section 476(b)(2) for independent students without dependents;

[(c) SIMPLIFIED APPLICATION FORM.—The Secretary shall develop and use a simplified application form for families described in this section to qualify for the use of a simplified needs analysis.

[DISCRETION OF STUDENT FINANCIAL AID ADMINISTRATORS]

[SEC. 479A. (a) IN GENERAL.—Nothing in this title shall be interpreted as limiting the authority of the financial aid administrator, on the basis of adequate documentation, to make adjustments on a case-by-case basis to the cost of attendance or the data required to calculate the expected student or parent contribution (or both) to allow for treatment of an individual eligible applicant with special circumstances not addressed by the data elements in subparts 1 and 2 of part A and parts B, C, and E of this title. However, this authority shall not be construed to permit aid administrators to deviate from the contributions expected under subparts 1 and 2 of part A and parts B, C, and E in the absence of special circumstances. Special circumstances shall be conditions that differentiate an individual student from a class of students rather than conditions that exist across a class of students. Adequate documentation for such adjustments shall substantiate such special circumstances of individual students. In addition, nothing in this title shall be interpreted as limiting the authority of the student financial aid administrator in such cases to request and use supplementary information about the financial status or personal circumstances of eligible applicants in selecting recipients and determining the amount of awards under subparts 1 and 2 of part A and parts B, C, and E of this title.

[(b) ADJUSTMENTS TO ASSETS TAKEN INTO ACCOUNT.—A student financial aid administrator shall be considered to be making a necessary adjustment in accordance with subsection (a) if—

[(1) the administrator determines, in his or her discretion, that the effective family income of the applicant is small in relation to—

[(A) the net value of the principal place of residence;

[(B) the net worth of farm on which the family resides;

or

[(C) the net worth of a family owned and operated small business;

[(2) such administrator reduces or eliminates the amount of such net value or net worth that is subject to assessment in the computation of the expected family contribution of that applicant; and

[(3) the administrator reports the amount of such adjustments made with respect to determinations for Pell Grants to the contractor or contractors processing applications for such grants for the award year.

[(c) **ASSET ADJUSTMENT AS EXAMPLE.**—The asset adjustment described in subsection (b) is an example of the type of adjustment which financial aid administrators are authorized to make by subsection (a), and shall not be considered to be the only adjustment that is so authorized.

[STUDENT ASSISTANCE AND OTHER FEDERAL PROGRAMS]

[[SEC. 479B. (a) **ATTENDANCE COSTS NOT TREATED AS INCOME OR RESOURCES.**—The portion of any student financial assistance received under this title, or under Bureau of Indian Affairs student assistance programs, that is made available for attendance costs described in subsection (b) shall not be considered as income or resources in determining eligibility for assistance under any other program funded in whole or in part with Federal funds.

[(b) **ATTENDANCE COSTS.**—The attendance costs described in this subsection are—

[(1) tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study; and

[(2) an allowance for books, supplies, transportation, and miscellaneous personal expenses for student attending the institution on at least a half-time basis, as determined by the institution.

[NATIVE AMERICAN STUDENTS]

[[SEC. 479C. In determining family contributions for Native American students, computations performed pursuant to this part shall exclude—

[(1) any income and assets of \$2,000 or less per individual payment received by the student (and spouse) and student's parents under the Per Capita Act or the Distribution of Judgment Funds Act; and

[(2) any income received by the student (and spouse) and student's parents under the Alaskan Native Claims Settlement Act or the Maine Indian claims Settlement Act.

[DEFINITIONS]

[[SEC. 480. As used in this part:

[(a) **TOTAL INCOME.**—(1) Except as provided in paragraphs (2) through (4), the term "total income" is equal to adjusted gross income plus untaxed income and benefits for the preceding tax year minus excludable income (as defined in subsection (f)).

[(2) In the computation of family contributions for the programs under subpart 2 of part A and parts B, C, and E of this title for any academic year, there shall be excluded from family income any proceeds of a sale of farm or business assets of that family if such

sale results from a voluntary or involuntary foreclosure, forfeiture, or bankruptcy or an involuntary liquidation.

[(3) Income in the case of a dislocated worker shall be the income for the year for which the determination is made. For the purpose of this subparagraph, a dislocated worker is a worker identified pursuant to title III of the Job Training Partnership Act.

[(4) No portion of any student financial assistance received from any program by an individual shall be included as income in the computation of expected family contribution for any program funded in whole or in part under this Act.

[(b) **UNTAXED INCOME AND BENEFITS OF PARENTS AND INDEPENDENT STUDENTS WITH DEPENDENTS.**—The term “untaxed income and benefits” when applied to parent contributions or the contributions of independent students with dependents (including spouses) means—

[(1) child support received;

[(2) welfare benefits, including aid to families with dependent children under a State plan approved under part A of the title IV of the Social Security Act and aid to dependent children;

[(3) workman's compensation;

[(4) veterans' benefits such as death pension, dependency and indemnity compensation, but excluding veterans' education benefits;

[(5) interest on tax-free bonds;

[(6) housing, food, and other allowances (excluding rent subsidies for low-income housing) for military, clergy, and others (including cash payments and cash value of benefits);

[(7) cash support or any money paid on the student's behalf;

[(8) the amount of earned income credit claimed for Federal income tax purposes;

[(9) untaxed portion of pensions;

[(10) credit for Federal tax on special fuels;

[(11) the amount of foreign income excluded for purposes of Federal income taxes;

[(12) untaxed social security benefits;

[(13) payments to individual retirement accounts and Keogh accounts excluded from income for Federal income tax purposes; and

[(14) any other untaxed income and benefits, such as Black Lung Benefits, Refugee Assistance, railroad retirement benefits, or Job Training Partnership Act noneducational benefits.

[(c) **UNTAXED INCOME AND BENEFITS OF DEPENDENT STUDENTS OF INDEPENDENT STUDENTS WITHOUT DEPENDENTS.**—For the purpose of this part, the term “untaxed income and benefits” when applied to the contributions of dependent students or independent students without dependents means—

[(1) child support received;

[(2) welfare benefits, including aid to families with dependent children under a State plan approved under part A of title IV of the Social Security Act and aid to dependent children;

[(3) workman's compensation;

[(4) veterans' benefits such as death pension, dependency and indemnity compensation, but excluding veterans' education benefits;

[(5) interest on tax-free bonds;

[(6) housing, food, and other allowances (excluding rent subsidies for low-income housing) for military, clergy, and others (including cash payments and cash value of benefits);

[(7) cash support or any money paid on the student's behalf;

[(8) the amount of earned income credit claimed for Federal income tax purposes;

[(9) untaxed portion of pensions;

[(10) credit for Federal tax on special fuels;

[(11) the amount of foreign income excluded for purposes of Federal income taxes;

[(12) untaxed social security benefits;

[(13) payments to individual retirement accounts and Keogh accounts excluded from income for Federal income tax purposes; and

[(14) any other untaxed income and benefits, such as Black Lung Benefits, Refugee Assistance, railroad retirement benefits, or Job Training Partnership Act noneducational benefits.

[(d) INDEPENDENT STUDENT.—(1) The term "independent", when used with respect to student, means any individual who—

[(A) is 24 years of age or older by December 31 of the award year; or

[(B) meets the requirements of paragraph (2).

[(2) Except as provided in paragraph (3), an individual meets the requirements of this paragraph if such individual—

[(A) is an orphan or ward of the court;

[(B) is a veteran of the Armed Forces of the United States;

[(C) is a graduate or professional student who declares that he or she will not be claimed as a dependent for income tax purposes by his or her parents (or guardian) for the first calendar year of award year;

[(D) is a married individual who declares that he or she will not be claimed as a dependent for income tax purposes by his or her parents (or guardian) for the first calendar year of the award year;

[(E) has legal dependents other than a spouse;

[(F) is a single undergraduate student with no dependents who was not claimed as a dependent by his or her parents (or guardian) for income tax purposes for the 2 calendar years preceding the award year and demonstrates to the student financial aid administrator total self-sufficiency during the 2 calendar years preceding the award year in which the initial award will be granted by demonstrating annual total resources (including all sources of resources other than parents and living allowances as a result of participation in a program established under the National and Community Service Act of 1990) of \$4,000; or

[(G) is a student for whom a financial aid administrator makes a documented determination of independence by reason of other unusual circumstances.

[(3) An individual may not be treated as an independent student pursuant to subparagraphs (C), (D), and (F) of paragraph (2) if the financial aid administrator determines that such individual was treated as an independent student during the preceding award year, but was claimed as a dependent by any other individual (other than a spouse) for income tax purposes for the rest calendar year of such award year.

[(4) The financial aid administrator may certify an individual described in subparagraph (C), (D), or (F) of paragraph (2) on the basis of a demonstration made by the individual, but no disbursement of an award may be made without documentation.

[(e) **DISPLACED HOMEMAKER.**—The term “displaced homemaker” means an individual who—

[(1) has not worked in the labor force for a substantial number of years but has, during those years, worked in the home providing unpaid services for family members;

[(2) (A) has been dependent on public assistance or on the income of another family member but is no longer supported by that income, or (B) is receiving public assistance on account of dependent children in the home; and

[(3) is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment.

[(f) **EXCLUDABLE INCOME.**—The term “excludable income” means—

[(1) any unemployment compensation received by a dislocated worker certified in accordance with title III of the Job Training Partnership Act;

[(2) any student financial assistance awarded based on need as determined in accordance with the provisions of this part, including any income earned from work under part C of this title; and

[(3) any living allowance received by a participant in a program established under the National and Community Service Act of 1990.

[(g) **ASSETS.**—The term “assets” means cash on hand, including the amount in checking and savings accounts, time deposits, money market funds, trusts, stocks, bonds, other securities, mutual funds, tax shelters, and the net value of real estate, income producing property, and business and farm assets.

[(h) **NET ASSETS.**—The term “net assets” means the current market value at the time of application of the assets included in the definition of “assets”, minus the outstanding liabilities or indebtedness against the assets.

[(i) **TREATMENT OF INCOME TAXES PAID TO OTHER JURISDICTIONS.**—(1) The tax on income paid to the Governments of the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, or the Northern Mariana Islands, or the Trust Territory of the Pacific Islands under the laws applicable to those jurisdictions, or the comparable tax paid to the central government of a foreign country, shall be treated as Federal income taxes.

[(2) References in this part to the Internal Revenue Code of 1986, Federal income tax forms, and the Internal Revenue Service shall, for purposes of the tax described in paragraph (1), be treated

as references to the corresponding laws, tax forms, and tax collection agencies of those jurisdictions, respectively, subject to such adjustment as the Secretary may prescribe by regulation.】

PART F—NEED ANALYSIS

SEC. 471. AMOUNT OF NEED.

Except as otherwise provided therein, the amount of need of any student for financial assistance under this title (except subpart 4 of part A) is equal to—

- (1) the cost of attendance of such student, minus*
- (2) the expected family contribution for such student, minus*
- (3) estimated financial assistance not received under this title (as defined in section 480(j)).*

SEC. 472. COST OF ATTENDANCE.

For the purpose of this title, the term “cost of attendance” means—

(1) tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study;

(2) an allowance for books, supplies, transportation, and miscellaneous personal expenses for a student attending the institution on at least a half-time basis, as determined by the institution;

(3) an allowance (as determined by the institution) for room and board costs incurred by the student which—

(A) shall be an allowance of not less than \$1,500 for a student without dependents residing at home with parents;

(B) for students without dependents residing in institutionally owned or operated housing, shall be a standard allowance determined by the institution based on the amount normally assessed most of its residents for room and board; and

(C) for all other students shall be an allowance based on the expenses reasonably incurred by such students for room and board, except that the amount may not be less than \$2,500;

(4) for less than half-time students (as determined by the institution) tuition and fees and an allowance for only books, supplies, and transportation (as determined by the institution) and dependent care expenses (in accordance with paragraph (7));

(5) for incarcerated students only tuition and fees and, if required, books and supplies;

(6) for a student enrolled in an academic program in a program of study abroad approved for credit by the student's home institution, reasonable costs associated with such study (as determined by the institution);

(7) for a student with one or more dependents, an allowance based on the actual expenses incurred for such dependent care, based on the number and age of such dependents. The period for which dependent care is required includes, but is not limit-

ed to, class-time, study-time, field work, internships, and commuting time;

(8) for a student with a disability, an allowance (as determined by the institution) for those expenses related to his or her disability, including special services, transportation, equipment, and supplies that are reasonably incurred and not provided for by other assisting agencies;

(9) for a student receiving all or part of his or her instruction by means of telecommunications technology, no distinction shall be made with respect to the mode of instruction in determining costs, but this paragraph shall not be construed to permit including the cost of rental or purchase of equipment;

(10) for a student engaged in a program of study by correspondence, only tuition and fees and, if required, books and supplies, travel, and room and board costs incurred specifically in fulfilling a required period of residential training;

(11) for a student placed in a work experience under a cooperative education program, an allowance for reasonable costs associated with such employment (as determined by the institution); and

(12) for any student, additional education expenses determined by the institution to be necessary for the student's program of study.

SEC. 473. FAMILY CONTRIBUTION.

For the purpose of this title, except subpart 4 of part A, the term "family contribution" with respect to any student means the amount which the student and his or her family may be reasonably expected to contribute toward his or her postsecondary education for the academic year for which the determination is made, as determined in accordance with this part.

SEC. 474. DATA ELEMENTS USED IN DETERMINING EXPECTED FAMILY CONTRIBUTION.

The following data elements are considered in determining the expected family contribution:

(1) the available income of (A) the student and his or her spouse, or (B) the student and the student's parents, in the case of a dependent student;

(2) the number of dependents in the family of the student;

(3) the number of dependents in the family of the student (except parents) who are enrolled or accepted for enrollment, on at least a half-time basis, in a degree, certificate, or other program leading to a recognized educational credential at an institution of higher education that is an eligible institution in accordance with the provisions of section 487 and for whom the family may reasonably be expected to contribute to their postsecondary education;

(4) the net assets of (A) the student and his or her spouse, and (B) the student and the student's parents, in case of a dependent student;

(5) the marital status of the student;

(6) the age of the older parent, in the case of a dependent student, and the student;

(7) the number of dependent children other than the student enrolled in a private elementary or secondary institution and the unreimbursed tuition paid (A) in the case of a dependent student, by the student's parents for such dependent children, or (B) in the case of an independent student with dependents, by the student or his or her spouse for such dependent children who are so enrolled; and

(8) the additional expenses incurred (A) in the case of a dependent student, when both parents of the student are employed or when the family is headed by a single parent who is employed, or (B) in the case of an independent student, when the student is married and his or her spouse is employed, or when the employed student qualifies as a surviving spouse or as a head of household under section 2 of the Internal Revenue Code of 1986.

SEC. 475. FAMILY CONTRIBUTION FOR DEPENDENT STUDENTS.

(a) **COMPUTATION OF EXPECTED FAMILY CONTRIBUTION.**—For each dependent student the expected family contribution is equal to the sum of—

(1) the parents' contribution from adjusted available income (determined in accordance with subsection (b));

(2) the student contribution from available income (determined in accordance with subsection (g)); and

(3) the student contribution from assets (determined in accordance with subsection (h)).

(b) **PARENTS' CONTRIBUTION FROM ADJUSTED AVAILABLE INCOME.**—The parents' contribution from adjusted available income is equal to the amount determined by—

(1) computing adjusted available income by adding—

(A) the parents' available income (determined in accordance with subsection (c)); and

(B) the parents' contribution from assets (determined in accordance with subsection (d));

(2) assessing such adjusted available income in accordance with the assessment schedule set forth in subsection (e); and

(3) dividing the assessment resulting under paragraph (2) by the number of the dependent children of the parent (or parents) who are enrolled or accepted for enrollment, on at least a half-time basis, in a degree, certificate, or other program leading to a recognized educational credential at an institution of higher education that is an eligible institution in accordance with the provisions of section 487 during the award period for which assistance under this title is requested;

except that the amount determined under this subsection shall not be less than zero.

(c) **PARENTS' AVAILABLE INCOME.**—

(1) **IN GENERAL.**—The parents' available income is determined by deducting from total income (as defined in section 480)—

(A) Federal income taxes;

(B) an allowance for State and other taxes, determined in accordance with paragraph (2);

(C) allowance for social security taxes, determined in accordance with paragraph (3);

(D) an income protection allowance, determined in accordance with paragraph (4);

(E) an employment expense allowance, determined in accordance with paragraph (5); and

(F) an educational expense allowance, determined in accordance with paragraph (6).

(2) **ALLOWANCE FOR STATE AND OTHER TAXES.**—The allowance for State and other taxes is equal to an amount determined by multiplying total income (as defined in section 480) by a percentage determined according to the following table (or a successor table prescribed by the Secretary under section 478):

Percentage for Computation of State and Other Tax Allowance:

If parents' State or territory of residence is—	And parents' total income is—	
	less than \$15,000 or	\$15,000 or more
	then the percentage is—	
Alaska, Puerto Rico, Wyoming.....	3	2
American, Samoa, Guam, Louisiana, Nevada, Texas, Trust Territory, Virgin Islands.....	4	3
Florida, South Dakota, Tennessee, New Mexico.....	5	4
North Dakota, Washington.....	6	5
Alabama, Arizona, Arkansas, Indiana, Mississip- pi, Missouri, Montana, New Hampshire, Oklaho- ma, West Virginia.....	7	6
Colorado, Connecticut, Georgia, Illinois, Kansas, Kentucky.....	8	7
California, Delaware, Idaho, Iowa, Nebraska, North Carolina, Ohio, Pennsylvania, South Carolina, Utah, Vermont, Virginia, Canada, Mexico.....	9	8
Maine, New Jersey.....	10	9
District of Columbia, Hawaii, Maryland, Massa- chusetts, Oregon, Rhode Island.....	11	10
Michigan, Minnesota.....	12	11
Wisconsin.....	13	12
New York.....	14	13
Other.....	9	8

(3) **ALLOWANCE FOR SOCIAL SECURITY TAXES.**—The allowance for social security taxes is equal to the amount earned by each parent multiplied by the social security withholding rate appropriate to the tax year of the earnings, up to the maximum statutory social security tax withholding amount for that same tax year.

(4) **INCOME PROTECTION ALLOWANCE.**—The income protection allowance is determined by the following table (or a successor table prescribed by the Secretary under section 478):

Income Protection Allowance

Family Size	Number in College					For each additional subtract:
(including student)	1	2	3	4	5	
2	\$10,270	\$8,560				
3	12,840	11,130	\$9,400			
4	15,790	14,080	12,370	\$10,660		
5	18,750	17,040	15,330	13,620	\$11,910	
6	21,830	20,120	18,410	16,700	14,990	\$1,710
For each additional add:	2,570	2,570	2,570	2,570	2,570	

(5) **EMPLOYMENT EXPENSE ALLOWANCE.**—The employment expense allowance is determined as follows (or using a successor provision prescribed by the Secretary under section 478):

(A) If both parents were employed in the year for which their income is reported and both have their incomes reported in determining the expected family contribution, such allowance is equal to the lesser of \$2,600 or 35 percent of the earned income of the parent with the lesser earned income.

(B) If a parent qualifies as a surviving spouse or as a head of household as defined in section 2 of the Internal Revenue Code, such allowance is equal to the lesser of \$2,600 or 35 percent of his or her earned income.

(6) **EDUCATIONAL EXPENSE ALLOWANCE.**—The educational expense allowance is equal to the unreimbursed tuition and fees paid by the student's parents for each dependent child, other than the student, enrolled in an elementary or secondary school, not to exceed for each such child the national average per pupil instructional cost as published by the Center for Educational Statistics using the most recent available data.

(d) **PARENTS' CONTRIBUTION FROM ASSETS.**—

(1) **IN GENERAL.**—The parents' contribution from assets is equal to—

(A) the parental net worth (determined in accordance with paragraph (2)); minus

(B) the asset protection allowance (determined in accordance with paragraph (3)); minus

(C) the educational savings protection allowance (determined in accordance with paragraph (4)); multiplied by

(D) the asset conversion rate (determined in accordance with paragraph (5)), except that the result shall not be less than zero.

(2) **PARENTAL NET WORTH.**—The parental net worth is calculated by adding—

(A) the current balance of checking and savings accounts and cash on hand;

(B) the net value of investments and real estate, including the net value of the principal place of residence; and

(C) the adjusted net worth of a business, computed on the basis of the net worth of such business (hereafter in this subsection referred to as "NW"), determined in accordance with the following table (or a successor table prescribed by the Secretary under section 478), except as provided under section 480(f):

Adjusted Net Worth of a Business

<i>If the net worth of a business is—</i>	<i>Then the adjusted net worth is:</i>
Less than \$1.....	\$0
\$1-\$75,000.....	40 percent of NW
\$75,001-\$225,000.....	\$30,000 plus 50 percent of NW over \$75,000
\$225,001-\$370,000.....	\$105,000 plus 60 percent of NW over \$225,000
\$370,001 or more.....	\$192,000 plus 100 percent of NW over \$370,000

(3) **ASSET PROTECTION ALLOWANCE.**—The asset protection allowance is calculated according to the following table (or a successor table prescribed by the Secretary under section 478):

Asset Protection Allowances for Families and Students

<i>If the age of the oldest parent is—</i>	<i>And there are</i>	
	<i>two parents</i>	<i>one parent</i>
	<i>then the asset protection allowance is—</i>	
25 or less.....	\$0	\$0
26.....	2,700	1,900
27.....	5,300	3,800
28.....	8,000	5,600
29.....	10,600	7,500
30.....	13,300	9,400
31.....	15,900	11,300
32.....	18,600	13,200
33.....	21,200	15,000
34.....	23,900	16,900
35.....	26,500	18,800
36.....	29,200	20,700
37.....	31,800	22,600
38.....	34,500	24,400
39.....	37,100	26,300
40.....	39,800	28,200
41.....	40,800	28,900
42.....	41,900	29,400
43.....	42,600	30,200
44.....	43,800	30,700
45.....	44,900	31,500
46.....	46,000	32,300
47.....	47,200	32,900
48.....	48,800	33,700
49.....	50,000	34,500
50.....	51,300	35,300
51.....	52,900	36,200
52.....	54,300	37,000
53.....	56,000	37,900

Asset Protection Allowances for Families and Students—Continued

If the age of the oldest parent is—	And there are	
	two parents	one parent
	then the asset protection allowance is—	
54.....	57,700	39,100
55.....	59,200	40,000
56.....	61,000	40,900
57.....	62,900	42,100
58.....	65,200	43,100
59.....	67,200	44,400
60.....	69,300	45,700
61.....	71,700	47,000
62.....	74,300	48,300
63.....	76,500	49,700
64.....	79,200	51,100
65 or more.....	81,900	52,700

(4) **EDUCATIONAL SAVINGS PROTECTION ALLOWANCE.**—The educational savings protection allowance is calculated if the parental net worth (determined in accordance with paragraph (2)) minus the asset protection allowance (determined in accordance with paragraph (3)) is greater than zero and the parents' available income is greater than zero. This allowance is equal to—

(A) the parents' available income (determined in accordance with subsection (c)); multiplied by

(B) the assessment schedule in subsection (e),
except that the allowance shall not be less than zero.

(5) **ASSET CONVERSION RATE.**—The asset conversion rate is 12 percent.

(e) **ASSESSMENT SCHEDULE.**—The adjusted available income (as determined under subsection (b)(1) and hereafter in this subsection referred to as "AAI") is assessed according to the following table (or a successor table prescribed by the Secretary under section 478):

Parents' Assessment From Adjusted Available Income (AAI)

If AAI is—	Then the assessment is—
Less than — \$3,409.....	— \$750
— \$3,409 to \$9,300.....	22% of AAI
\$9,301 to \$11,600.....	\$2,046 + 25% of AAI over \$9,300
11,601 to \$14,000.....	\$2,521 + 29% of AAI over \$11,600
\$14,001 to \$16,300.....	\$3,317 + 34% of AAI over \$14,000
16,301 to \$18,700.....	\$4,099 + 40% of AAI over \$16,300
\$18,701 or more.....	\$5,059 + 47% of AAI over \$18,700

(f) **COMPUTATIONS IN CASE OF SEPARATION, DIVORCE, REMARRIAGE, OR DEATH.**—

(1) **DIVORCED OR SEPARATED PARENTS.**—Parental income and assets for a student whose parents are divorced or separated is determined under the following procedures:

(A) Include only the income and assets of the parent with whom the student resided for the greater portion of the 12-month period preceding the date of the application.

(B) If the preceding criterion does not apply, include only the income and assets of the parent who provided the greater portion of the student's support for the 12-month period preceding the date of application.

(C) If neither of the preceding criteria apply, include only the income and assets of the parent who provided the greater support during the most recent calendar year for which parental support was provided.

(2) **DEATH OF A PARENT.**—Parental income and assets in the case of the death of any parent is determined as follows:

(A) If either of the parents has died, the student shall include only the income and assets of the surviving parent.

(B) If both parents have died, the student shall not report any parental income or assets.

(3) **REMARRIED PARENTS.**—Income in the case of a parent whose income and assets are taken into account under paragraph (1) of this subsection, or a parent who is a widow or widower and whose income is taken into account under paragraph (2) of this subsection, has remarried, is determined as follows: The income (but not assets) of that parent's spouse shall be included in determining the parent's adjusted available income only if—

(A) the student's parent and the stepparent are married as of the date of application for the award year concerned; and

(B) the student is not an independent student.

(g) **STUDENT CONTRIBUTION FROM AVAILABLE INCOME.**—

(1) **IN GENERAL.**—The student contribution from available income is equal to—

(A) The student's total income (determined in accordance with section 480); minus

(B) the adjustment to student income (determined in accordance with paragraph (2)); multiplied by

(C) the assessment rate as determined in paragraph (5).

(2) **ADJUSTMENT TO STUDENT INCOME.**—The adjustment to student income is equal to the sum of—

(A) actual Federal income taxes of the student;

(B) an allowance for State and other income taxes (determined in accordance with paragraph (3)); and

(C) an allowance for social security taxes determined in accordance with paragraph (4).

(3) **ALLOWANCE FOR STATE AND OTHER INCOME TAXES.**—The allowance for State and other income taxes is equal to an amount determined by multiplying total income (as defined in section 480) by a parentage determined according to the following table (or a successor table prescribed by the Secretary under section 478):

Percentages for computation of State and Other Income Tax Allowance

<i>If the students' State or territory of residence is—</i>	<i>The percentage is—</i>
<i>Alaska, American Samoa, Florida, Guam, Nevada, South Dakota, Tennessee, Texas, Trust Territory, Virgin Islands, Washington, W. ning....</i>	<i>0</i>
<i>Connecticut, Louisiana, Puerto Rico</i>	<i>1</i>
<i>Arizona, New Hampshire, New Mexico, North Dakota</i>	<i>2</i>
<i>Alabama, Colorado, Illinois, Indiana, Kansas, Mississippi, Missouri, Montana, Nebraska, New Jersey, Oklahoma.....</i>	<i>3</i>
<i>Arkansas, Georgia, Iowa, Kentucky, Maine, Pennsylvania, Utah, Vermont, Virginia, West Virginia, Canada, Mexico</i>	<i>5</i>
<i>California, Idaho, Massachusetts, North Carolina, Ohio, Rhode Island, South Carolina.....</i>	<i>6</i>
<i>Hawaii, Maryland, Michigan, Wisconsin.....</i>	<i>7</i>
<i>Delaware, District of Columbia, Minnesota, Oregon</i>	<i>8</i>
<i>New York.....</i>	<i>8</i>

(4) **ALLOWANCE FOR SOCIAL SECURITY TAXES.**—The allowance for social security taxes is equal to the amount earned by the student multiplied by the social security withholding rate appropriate to the tax year of the earnings, up to the maximum statutory social security tax withholding amount for that same tax year.

(5) The student's available income (determined in accordance with paragraph (1) of this subsection) is assessed at 50 percent.

(h) **STUDENT CONTRIBUTION FROM ASSETS.**—The student contribution from assets is determined by calculating the net assets of the student (not including amounts reported for purposes of subsection (g)) and multiplying such amount by 35 percent.

(i) **ADJUSTMENTS FOR ENROLLMENT PERIODS OTHER THAN 9 MONTHS.**—For period of enrollment other than nine months, the parents' contribution from adjusted available income is determined as follows:

(1) For periods of enrollment less than 9 months, the parents' contribution from adjusted available income (determined in accordance with subsection (b)) is divided by 9 and the result multiplied by the number of months enrolled.

(2) For periods of enrollment greater than 9 months—

(A) the parents' adjusted available income (determined in accordance with subsection (b)(1)) is increased by the difference between the income protection allowance (determined in accordance with subsection (c)(4)) for a family of four and a family of five, each with one child in college;

(B) the resulting revised parents' adjusted available income is assessed according to subsection (e) and adjusted according to subsection (b)(3) to determine a revised parents' contribution from adjusted available income;

(C) the original parents' contribution from adjusted available income is subtracted from the revised parents' contribution from adjusted available income, and the result is divided by 12 to determine the monthly adjustment amount; and

(D) the original parents' contribution from adjusted available income is increased by the product of the monthly adjustment amount multiplied by the number of months greater than 9 for which the student will be enrolled.

(j) **ADJUSTMENTS FOR ENROLLMENT PERIODS OTHER THAN 9 MONTHS.**—For periods of enrollment other than 9 months, the student's contribution is adjusted based on individual circumstances.

SEC. 476 FAMILY CONTRIBUTION FOR INDEPENDENT STUDENTS WITHOUT DEPENDENT CHILDREN.

(a) **COMPUTATION OF EXPECTED FAMILY CONTRIBUTION.**—For each independent student without dependent children, the expected family contribution is determined by—

(1) adding—

(A) the family's contribution from available income (determined in accordance with subsection (b)); and

(B) the family's contribution from assets (determined in accordance with subsection (c)); and

(2) dividing the sum resulting under paragraph (1) by the number of students who are enrolled or accepted for enrollment, on at least a half-time basis, in a degree, certificate, or other program leading to a recognized educational credential at an institution of higher education that is an eligible institution in accordance with the provisions of section 487 during the award period for which assistance under this title is requested; except that the amount determined under this subsection shall not be less than zero.

(b) **FAMILY'S CONTRIBUTION FROM AVAILABLE INCOME.**—

(1) **IN GENERAL.**—The family's contribution from income is determined by—

(A) deducting from total income (as defined in section 480)—

(i) an allowance for Federal income taxes;

(ii) an allowance for State and other taxes, determined in accordance with paragraph (2);

(iii) an allowance for social security taxes, determined in accordance with paragraph (3);

(iv) an income protection allowance for periods of nonenrollment not to exceed (I) \$1,200 per month for single students; and (II) \$750 per person, per month for married students; and

(v) in the case where a spouse is present, and employment expense allowance, as determined in accordance with paragraph (4); and

(B) assessing such available income in accordance with paragraph (5).

(2) **ALLOWANCE FOR STATE AND OTHER TAXES.**—The allowance for State and other taxes is equal to an amount determined by multiplying total income (as defined in section 480) by a percentage determined according to the following table (or a successor table prescribed by the Secretary under section 478):

Percentages for Computation of State and Other Income Tax Allowance

<i>If the students' State or territory of residence is—</i>	<i>The percentage is—</i>
<i>Alaska, American Samoa, Florida, Guam, Nevada, South Dakota, Tennessee, Texas, Trust Territory, Virgin Islands, Washington, Wyoming.....</i>	<i>0</i>
<i>Connecticut, Louisiana, Puerto Rico</i>	<i>1</i>
<i>Arizona, New Hampshire, New Mexico, North Dakota</i>	<i>2</i>
<i>Alabama, Colorado, Illinois, Indiana, Kansas, Mississippi, Missouri, Montana, Nebraska, New Jersey, Oklahoma.....</i>	<i>3</i>
<i>Arkansas, Georgia, Iowa, Kentucky, Maine, Pennsylvania, Utah, Vermont, Virginia, West Virginia, Canada, Mexico</i>	<i>4</i>
<i>California, Idaho, Massachusetts, North Carolina, Ohio, Rhode Island, South Carolina</i>	<i>5</i>
<i>Hawaii, Maryland, Michigan, Wisconsin.....</i>	<i>6</i>
<i>Delaware, District of Columbia, Minnesota, Oregon</i>	<i>7</i>
<i>New York.....</i>	<i>8</i>
<i>Other</i>	<i>4</i>

(3) **ALLOWANCE FOR SOCIAL SECURITY TAXES.**—The allowance for social security taxes is equal to the amount earned by the student (and spouse, if appropriate), multiplied by the social security withholding rate appropriate to the tax year preceding the award year, up to the maximum statutory social security tax withholding amount for the same tax year.

(4) **EMPLOYMENT EXPENSES ALLOWANCE.**—The employment expense allowance is determined as follows (or using a successor provision prescribed by the Secretary under section 478):

(A) If the student is married and his or her spouse is employed in the year for which income is reported, such allowance is equal to the lesser of \$2,600 or 35 percent of the earned income of the spouse.

(B) If a student is not married, the employment expense allowance is zero.

(5) **ASSESSMENT OF AVAILABLE INCOME.**—The family's available income (determined in accordance with paragraph (1)(A) of this subsection) is assessed at 50 percent.

(c) **FAMILY CONTRIBUTION FROM ASSETS.**—

(1) **IN GENERAL.**—The family's income supplementa' amount from assets is equal to—

(A) the family's net worth (determined in accordance with paragraph (2)); minus

(B) the asset protection allowance (determined in accordance with paragraph (3)), multiplied by

(C) the asset conversion rate (determined in accordance with paragraph (4));

except that the family's contribution from assets shall not be less than zero.

(2) **FAMILY'S NET WORTH.**—The family's net worth is calculated by adding—

(A) the current balance of checking and savings accounts and cash on hand;

(B) the net value of investments and real estate, excluding the net value of the principal place of residence; and

(C) the adjusted net worth of a business, computed on the basis of the net worth of such business (hereafter referred to as "NW"), determined in accordance with the following table (or a successor table prescribed by the Secretary under section 478), except as provided under section 480(f):

Adjusted New Worth of a Business

<i>If the net worth of a business is—</i>	<i>Than the adjusted net worth is—</i>
Less than \$1	\$0
\$1-\$75,000	40 percent of NW
\$75,001-\$225,000	\$30,000 plus 50 percent of NW over \$75,000
\$225,001-\$370,000	\$105,000 plus 60 percent of NW over \$225,000
\$370,001 or more	\$192,000 plus 100 percent of NW over \$370,000

(3) **ASSET PROTECTION ALLOWANCE.**—The asset protection allowance is calculated according to the following table (or a successor table prescribed by the Secretary under section 478):

Asset Protection Allowance for Families and Students

<i>If the age of the student is—</i>	<i>And the student is</i>	
	<i>married</i>	<i>single</i>
	<i>then the asset protection allowance is—</i>	
25 or less	\$0	\$0
26	2,700	1,900
27	5,300	3,800
28	8,000	5,600
29	10,600	7,500
30	13,300	9,400
31	15,900	11,300
32	18,600	13,200
33	21,200	15,000
34	23,900	16,900
35	26,500	18,800
36	29,200	20,700
37	31,800	22,600
38	34,500	24,400
39	37,100	26,300
40	39,800	28,200
41	40,800	28,900
42	41,900	29,400
43	42,600	30,200
44	43,800	30,700
45	44,900	31,500
46	46,000	32,300
47	47,200	32,900
48	48,800	33,700
49	50,000	34,500
50	51,300	35,300
51	52,900	36,200
52	54,300	37,000
53	56,000	37,900
54	57,700	39,100

Asset Protection Allowance for Families and Students—Continued

If the age of the student is—	And the student is	
	married	single
	then the asset protection allowance is—	
55.....	59,200	40,000
56.....	61,000	40,900
57.....	62,900	42,100
58.....	65,200	43,100
59.....	67,200	44,400
60.....	69,300	45,700
61.....	71,700	47,000
62.....	74,300	48,300
63.....	76,500	49,700
64.....	79,200	51,700
65 or more.....	81,900	52,700

(4) **ASSET CONVERSION RATE.**—The asset conversion rate is 35 percent.

SEC. 477. FAMILY CONTRIBUTION FOR INDEPENDENT STUDENTS WITH DEPENDENT CHILDREN.

(a) **COMPUTATION OF EXPECTED FAMILY CONTRIBUTION.**—For each independent student with dependent children the expected family contribution is equal to the amount determined by—

(1) computing adjusted available income by adding—

(A) the family's available income (determined in accordance with subsection (b)); and

(B) the family's contribution from assets (determined in accordance with subsection (c));

(2) assessing such adjusted available income in accordance with an assessment schedule set forth in subsection (d); and

(3) dividing the assessment resulting under paragraph (2) by the number of family members who are enrolled or accepted for enrollment, on at least a half-time basis, in a degree, certificate, or other program leading to a recognized educational credential at an institution of higher education that is an eligible institution in accordance with the provisions of section 487 during the award period for which assistance under this title is requested;

except that the amount determined under this subsection shall not be less than zero.

(b) **FAMILY'S AVAILABLE INCOME.**—

(1) **IN GENERAL.**—The family's available income is determined by deducting from total income (as defined in section 480)—

(A) an allowance for Federal income taxes;

(B) an allowance for State and other taxes, determined in accordance with paragraph (2);

(C) an allowance for social security taxes, determined in accordance with paragraph (3);

(D) an income protection allowance, determined in accordance with paragraph (4);

(E) an employment expense allowance, determined in accordance with paragraph (5); and

(F) an educational expense allowance, determined in accordance with paragraph (6).

(2) **ALLOWANCE FOR STATE AND OTHER TAXES.**—The allowance for State and other taxes is equal to amount determined by multiplying total income (as defined in section 480) by a percentage determined according to the following table (or a successor table prescribed by the Secretary under section 478):

Percentages for Computation of State and Other Tax Allowance

If student's State or territory of residence is—	And family's total income is—	
	less than \$15,000	\$15,000 or more
	then the percentage is—	
Alaska, Puerto Rico, Wyoming.....	3	2
American Samoa, Guam, Louisiana, Nevada, Texas, Trust Territory, Virgin Islands.....	4	3
Florida, South Dakota, Tennessee, New Mexico	5	4
North Dakota, Washington.....	6	5
Alabama, Arizona, Arkansas, Indiana, Mississippi, Missouri, Montana, New Hampshire, Oklahoma, West Virginia.....	7	6
Colorado, Connecticut, Georgia, Illinois, Kansas, Kentucky.....	8	7
California, Delaware, Idaho, Iowa, Nebraska, North Carolina, Ohio, Pennsylvania, South Carolina, Utah, Vermont, Virginia, Canada, Mexico.....	9	8
Maine, New Jersey.....	10	9
District of Columbia, Hawaii, Maryland, Massachusetts, Oregon, Rhode Island.....	11	10
Michigan, Minnesota	12	11
Wisconsin	13	12
New York	14	13
Other.....	9	8

(3) **ALLOWANCE FOR SOCIAL SECURITY TAXES.**—The allowance for social security taxes is equal to the amount estimated to be earned by the student (and spouse, if appropriate) multiplied by the social security withholding rate appropriate to the tax year preceding the award year, up to the maximum statutory social security tax withholding amount for that same tax year.

(4) **INCOME PROTECTION ALLOWANCE.**—The income protection allowance is determined by the following table (or a successor table prescribed by the Secretary under section 478):

Income Protection Allowance

Family size (including student)	Number in college					For each additional subtract:
	1	2	3	4	5	
2	\$10,270	\$8,560				
3	12,840	11,130	\$9,420			
4	15,790	14,080	12,370	\$10,660		

Income Protection Allowance—Continued

Family size	Number in college					For each additional subtract:
(including student)	1	2	3	4	5	
5	18,750	17,040	15,330	13,620	\$11,910	
6	21,830	20,120	18,410	16,700	14,990	\$1,710
For each additional add:	2,570	2,570	2,570	2,570	2,570	

(5) **EMPLOYMENT EXPENSE ALLOWANCE**.—The employment expense allowance is determined as follows (or a successor table prescribed by the Secretary under section 478):

(A) If the student is married and his or her spouse is employed in the year for which their income is reported, such allowance is equal to the lesser of \$2,600 or 35 percent of the earned income of the spouse.

(B) If a student qualifies as a surviving spouse or as a head of household as defined in section 2 of the Internal Revenue Code, such allowance is equal to the lesser of \$2,600 or 35 percent of his or her earned income.

(6) **EDUCATIONAL EXPENSE ALLOWANCE**.—The educational expense allowance is equal to the unreimbursed tuition and fees paid by the student or the student's spouse, or both, for each dependent child, enrolled in elementary or secondary school, not to exceed for each such child the national average per pupil instructional cost as published by the Center for Educational Statistics using the most recent available data.

(c) **FAMILY'S CONTRIBUTION FROM ASSETS**.—

(1) **IN GENERAL**.—The family's contribution from assets is equal to—

(A) the family net worth (determined in accordance with paragraph (2)) minus

(B) the asset protection allowance (determined in accordance with paragraph (3)); multiplied by

(C) the asset conversion rate (determined in accordance with paragraph (4)), except that the result shall not be less than zero.

(2) **FAMILY NET WORTH**.—The family net worth is calculated by adding—

(A) the current balance of checking and savings accounts and cash on hand;

(B) the net value of investments and real estate, excluding the net value in the principal place of residence; and

(C) the adjusted net worth of a business, computed on the basis of the net worth of such business (hereafter referred to as "NW"), determined in accordance with the following table (or a successor table prescribed by the Secretary under section 478), except as provided under section 480(f):

Adjusted Net Worth of a Business

If the net worth of a business is—	Then the adjusted net worth is—
Less than \$1	\$0
\$1-\$75,000	40 percent of NW
\$75,001-\$225,000	\$30,000 plus 50 percent of NW over \$75,000
\$225,001-\$370,000	\$105,000 plus 60 percent of NW over \$225,000
\$370,001 or more	\$192,000 plus 100 percent of NW over \$370,000

(3) **ASSET PROTECTION ALLOWANCE.**—The asset protection allowance is calculated according to the following table (or a successor table prescribed by the Secretary under section 478):

Asset Protection Allowances for Families and Students

If the age of the student is—	And the student is	
	married	single
	then the asset protection allowance is—	
25 or less	\$0	\$0
26	2,700	1,900
27	5,300	3,800
28	8,000	5,600
29	10,600	7,500
30	13,300	9,400
31	15,900	11,300
32	18,600	13,200
33	21,200	15,000
34	23,900	16,900
35	26,500	18,800
36	29,200	20,700
37	31,800	22,600
38	34,500	24,400
39	37,100	26,300
40	39,800	28,200
41	40,800	28,900
42	41,900	29,400
43	42,600	30,200
44	43,800	30,700
45	44,900	31,500
46	46,000	32,300
47	47,200	32,900
48	48,800	33,700
49	50,000	34,500
50	51,300	35,300
51	52,900	36,200
52	54,300	37,000
53	56,000	37,900
54	57,700	39,100
55	59,200	40,000
56	61,000	40,900
57	62,900	42,100
58	65,200	43,100
59	67,200	44,400
60	69,300	45,700
61	71,700	47,000
62	74,300	48,300
63	76,500	49,700

Asset Protection Allowances for Families and Students—Continued

If the age of the student is—	And the student is	
	married	single
Then the asset protection allowance is—		
64	79,200	51,100
65 or more.....	81,900	52,700

(4) **ASSET CONVERSION RATE.**—The asset conversion rate is 12 percent.

(d) **ASSESSMENT SCHEDULE.**—The adjusted available income (as determined under subsection (a)(1) and hereafter referred to as "AAI") is assessed according to the following table (or a successor table prescribed by the Secretary under section 478):

Assessment From Adjusted Available Income (AAI)

If AAI is—	Then the assessment is—
Less than —\$409.....	—\$750
—\$409 to \$9,300.....	22% of AAI
\$9,301 to \$11,600.....	\$2,046 + 25% of AAI over \$9,300
\$11,601 to \$14,000.....	\$2,621 + 29% of AAI over \$11,600
\$14,001 to \$16,300.....	\$3,317 + 34% of AAI over \$14,000
\$16,301 to \$18,700.....	\$4,099 + 40% of AAI over \$16,300
\$18,701 or more.....	\$5,059 + 47% of AAI over \$18,700

SEC. 478. REGULATIONS; UPDATED TABLES.

(a) **AUTHORITY TO PRESCRIBE REGULATIONS RESTRICTED.**—(1) Notwithstanding any other provision of law, the Secretary shall not have the authority to prescribe regulations to carry out this part except—

(A) to prescribe updated tables in accordance with subsections (b) through (e) of this section; or

(B) to propose modifications in the need analysis methodology required by this part.

(2) Any regulation proposed by the Secretary that (A) updates tables in a manner that does not comply with subsections (b) through (e) of this section, or (B) that proposes modifications under paragraph (1)(B) of this subsection, shall not be effective unless approved by joint resolution of the Congress by May 1 following the date such regulations are published in the Federal Register in accordance with section 482. If the Congress fails to approve such regulations by such May 1, the Secretary shall publish in the Federal Register in accordance with section 482 updated tables for the applicable award year that are prescribed in accordance with subsections (b) through (e) of this section.

(b) **INCOME PROTECTION ALLOWANCE.**—(1) For each award year after award year 1992–1993, the Secretary shall publish in the Federal Register a revised table of income protection allowances for the purpose of sections 475(c)(4) and 447(b)(4). Such revised table shall be developed by using the most recent data from the Consumer Expenditure Survey Integrated Survey Data and multiplying it as nec-

essary by the percentage change in the Consumer Price Index. The income protection allowance for a family of three with one in college is equal to the lower living standard less a percentage for sales taxes (determined in accordance with paragraph (2)), less an amount (determined in accordance with paragraph (3)) for education expenditures, and less a student-in-college allowance (determined in accordance with paragraph (4)). The result is multiplied by the percentage change in the Consumer Price Index. The income protection allowance for other families is determined by using the appropriate equivalency scale in paragraph (5).

(2) From the mean total household expenditures (prevailing standard), a 5 percent allowance is subtracted for sales taxes. The result is multiplied by 75 percent to reach the median total household expenditures and again multiplied by 67 percent to arrive at the lower living standard.

(3) Education expenditures are those associated with elementary, secondary, and postsecondary tuition as identified in the Consumer Expenditure Survey Integrated Survey Data. The result is multiplied by 75 percent to reach the median total expenditures in these categories and again multiplied by 67 percent to arrive at the lower living standard.

(4) The student-in-college adjustment is equal to nine months of mean individual expenses for food, apparel, transportation, entertainment, and personal care, minus a 5 percent allowance for sales taxes. The result is multiplied by 75 percent to reach the median total individual expenditures in these categories and again multiplied by 67 percent to arrive at the lower living standard.

(5) The following equivalency scales are based on an average family size of 3:

Parents' Assessment From Adjusted Available Income (AAI)

Family Size	Equivalency
1.....	.64
2.....	.80
3.....	1.00
4.....	1.23
5.....	1.46
6.....	1.70

(6) There is an additional adjustment necessary for families of seven or more. This adjustment is determined by applying the appropriate equivalency percentage to derive the income protection allowance amount for a family size of seven and establishing the difference between this figure and the income protection allowance for a family size of six as the standard adjustment.

(7) There is an additional adjustment necessary for families with more than five students enrolled in postsecondary education. This adjustment is determined by multiplying the student-in-college adjustment (determined in accordance with paragraph (4)) as appropriate by the Consumer Price Index.

(8) The monthly maintenance allowance for purposes of section 476(b)(1)(B)(iv)(I) is calculated by—

(A) adding the student in college adjustment (determined in accordance with paragraph (4)) to the income protection allowance (determined in accordance with paragraph (1));

(B) multiplying the result by 0.64 to derive the income protection allowance for a family size of 1;

(C) dividing the result by 12 to obtain a monthly amount; and

(D) multiplying the result by 1.5 and rounding upward to the nearest \$50 to derive the prevailing level amount.

(9) The monthly maintenance allowance for purposes of section 476(b)(1)(B)(iv)(II) is calculated by—

(A) adding the student in college adjustment (determined in accordance with paragraph (4)) to the income protection allowance (determined in accordance with paragraph (1));

(B) multiplying the result by 80 percent to derive the income protection allowance for a family size of 2;

(C) dividing the result by 12 to obtain a monthly amount;

(D) dividing the result by 2 to determine a per person amount; and

(E) multiplying the result by 150 percent and rounding upward to the nearest \$50 to derive the prevailing level amount.

(c) **ADJUSTED NET WORTH OF A BUSINESS.**—For each award year after award year 1992–1993, the Secretary shall publish in the Federal Register a revised table of a adjusted net worth of a business for purposes of sections 475(d)(2)(C), 476(c)(2)(C), and 477(c)(2)(C). Such revised table shall be developed—

(1) by increasing each dollar amount that refers to net worth of a business by a percentage equal to the estimated percentage increase in the Consumer Price Index (as determined by the Secretary) between 1992 and the December next preceding the beginning of such award year, and rounding the result to the nearest \$5,000; and

(2) by adjusting the dollar amounts "\$30,000", "\$105,000", and "\$192,000" to reflect the changes made pursuant to paragraph (1).

(d) **ASSET PROTECTION ALLOWANCE.**—(1) For each award year after year 1992–1993, the Secretary shall publish in the Federal Register a revised table of asset protection allowances for the purpose of sections 475(d)(3), 476(c)(3), and 477(c)(3). Such revised table shall be developed by using the most recent data from the Consumer Expenditure Survey Integrated Survey Data according to paragraph (2) of this subsection.

(2) Such revised table shall be developed by determining the present value cost, rounded to the nearest \$100 and based on annually determined average life expectancy, of an annuity that would provide, for each age cohort of 40 and above, a supplemental income at age 65 (adjusted for inflation) equal to the difference between the prevailing standard level of the Consumer Expenditure Survey (adjusted as appropriate by the Consumer Price Index), and the current average social security retirement benefits. For each age cohort below 40, the asset protection allowance shall be computed by decreasing the asset protection allowance for age 40, as updated, by one-fifteenth for each year of age below age 40 and rounding the result to the nearest \$100. In making such determinations—

(A) inflation shall be presumed to be 6 percent per year;

(B) the rate of return of an annuity shall be presumed to be 8 percent; and

(C) the sales commission on an annuity shall be presumed to be 6 percent.

(e) **ASSESSMENT SCHEDULES AND RATES.**—For each award year after award year 1992–1993, the Secretary shall publish in the Federal Register a revised table of assessments from adjusted available income for the purpose of sections 475(e) and 477(d). Such revised table shall be developed—

(1) by increasing each dollar amount that refers to adjusted available income by a percentage equal to the estimated percentage increase in the Consumer Price Index (as determined by the Secretary) between December 1992 and the December next preceding the beginning of such academic year, rounded to the nearest \$100; and

(2) by adjusting the other dollar amounts to reflect the changes made pursuant to paragraph (1).

(f) **DEFINITION OF CONSUMER PRICE INDEX.**—As used in this section, the term “Consumer Price Index” means the Consumer Price Index for All Urban Consumers published by the Department of Labor. Each annual update of tables to reflect changes in the Consumer Price Index shall be corrected for misestimation of actual change in such Index in previous years.

(g) **STATE AND OTHER TAX ALLOWANCE.**—For each award year after award year 1992–1993, the Secretary shall publish in the Federal Register a revised table of State and other tax allowances for the purpose of sections 475(c)(2), 475(q)(3), 476(b)(2), and 477(b)(2). The Secretary shall develop such revised table after review of the Department of the Treasury’s Statistics of Income file and determination of the percentage of income that each State’s taxes represent.

(h) **EMPLOYMENT EXPENSE ALLOWANCE.**—For each award year after award year 1992–1993, the Secretary shall publish in the Federal Register a revised table of employment expense allowances for the purpose of sections 475(c)(5), 476(b)(4), and 477(b)(5). Such revised table shall be developed by using the most recent expense data from the Consumer Expenditure Survey Integrated Survey Data and updating it as appropriate by the Consumer Price Index. Such revised table shall be developed—

(1) by determining according to the Consumer Price Expenditure Survey for each of the most recent three years, the difference between average expenditures for two-earner and one-earner families on meals away from home, clothing, transportation, and personal household services;

(2) multiplying each resulting amount as appropriate by the Consumer Price Index;

(3) multiplying each result by 70 percent;

(4) determining a three-year average for such expenditures; and

(5) rounding the result to the nearest \$100.

SEC. 479. SIMPLIFIED NEEDS TEST.

(a) **GENERAL ELIGIBILITY.**—For purposes of this title and as provided in subsection (b), individuals who do not file an Internal Rev-

enue Service form 1040 shall be considered to have a zero family contribution if—

(1) for purposes of section 475 of this part, the sum of the adjusted gross income of the parents is less than or equal to the maximum amount of income (rounded annually to the nearest thousand dollars) that may be earned in order to claim the Federal earned income credit; or

(2) for purposes of section 477 of this part, the sum of the adjusted gross income of the student and spouse (if appropriate) is less than or equal to the maximum amount of income (rounded annually to the nearest thousand dollars) that may be earned in order to claim the Federal earned income credit.

(b) **SPECIAL RULE.**—To be eligible under this section, an individual is not required to qualify or file for the earned income credit.

SEC. 479A. DISCRETION OF STUDENT FINANCIAL AID ADMINISTRATORS.

Nothing in this title shall be interpreted as limiting the authority of the financial aid administrator, on the basis of adequate documentation, to make adjustments on a case-by-case basis to the cost of attendance or the data required to calculate the expected student or parent contribution (or both), or to allow for treatment of an individual eligible applicant with special circumstances. However, this authority shall not be construed to permit aid administrators to deviate from the contributions expected in the absence of special circumstances. Special circumstances shall be conditions that differentiate an individual student from a class of students rather than conditions that exist across a class of students. Adequate documentation for such adjustments shall substantiate such special circumstances of individual students. In addition, nothing in this title shall be interpreted as limiting the authority of the student financial aid administrator in such cases to request and use supplementary information about the financial status or personal circumstances of eligible applicants in selecting recipients and determining the amount of awards under this title.

SEC. 479B. DISREGARD OF STUDENT AID IN OTHER FEDERAL PROGRAMS.

Notwithstanding any other provision of law, student financial assistance received under this title, or under Bureau of Indian Affairs student assistance programs, shall not be taken into account in determining the need or eligibility of any person for benefits or assistance, or the amount of such benefits or assistance, under any Federal, State, or local program financed in whole or in part with Federal funds.

SEC. 479C. NATIVE AMERICAN STUDENTS.

In determining family contributions for Native American students, computations performed pursuant to this part shall exclude—

(1) any income and assets of \$2,000 or less per individual payment received by the student (and spouse) and student's parents under the Per Capita Act or the Distribution of Judgment Funds Act; and

(2) any income received by the student (and spouse) and student's parents under the Alaskan Native Claims Settlement Act or the Maine Indian Claims Settlement Act.

SEC. 480. DEFINITIONS.

As used in this part:

(a) **TOTAL INCOME.**—(1) Except as provided in paragraph (2), for parents of dependent students and for dependent students, the term "total income" is equal to adjusted gross income plus untaxed income and benefits for the preceding tax year minus excludable income (as defined in subsection (e)).

(2) For the independent student and, if appropriate his or her spouse, the term "total income" is equal to adjusted gross income plus untaxed income and benefits minus excludable income as defined in subsection (e) for the period of July 1 to June 30 of the award year.

(3) In the computation of family contributions for the programs under this title for any academic year, there shall be excluded from family income any proceeds of a sale of farm or business assets of that family if such sale results from a voluntary or involuntary foreclosure, forfeiture, or bankruptcy or an involuntary liquidation.

(4) No portion of any student financial assistance received from any program by an individual shall be included as income or assets in the computation of expected family contribution for any program funded in whole or in part under this Act.

(b) **UNTAXED INCOME AND BENEFITS.**—The term "untaxed income and benefits" means—

- (1) child support received;
 - (2) welfare benefits, including aid to families with dependent children under a State plan approved under part A of title IV of the Social Security Act and aid to dependent children;
 - (3) workman's compensation;
 - (4) veterans' benefits, including death pension, dependency, indemnity compensation, and veterans' education benefits as defined in subsection (c);
 - (5) interest on tax-free bonds;
 - (6) housing, food, and other allowances (excluding rent subsidies for low-income housing) for military, clergy, and others (including cash payments and cash value of benefits);
 - (7) cash support or any money paid on the student's behalf;
 - (8) the amount of earned income credit claimed for Federal income tax purposes;
 - (9) untaxed portion of pensions;
 - (10) credit for Federal tax on special fuels;
 - (11) the amount of foreign income excluded for purposes of Federal income taxes;
 - (12) untaxed social security benefits;
 - (13) payments to individual retirement accounts and Keogh accounts excluded from income for Federal income tax purposes; and
 - (14) any other untaxed income and benefits, such as Black Lung Benefits, Refugee Assistance, railroad retirement benefits, or Job Training Partnership Act noneducational benefits.
- (c) **VETERAN AND VETERANS' BENEFITS.**—(1) The term "veteran" means any individual who—
- (A) has engaged in the active duty in the United States Army, Navy, Air Force, Marines, or Coast Guard; and
 - (B) was released under a condition other than dishonorable.

(2) The term "veterans' benefits" means veterans' benefits the student will receive during the award year, including but not limited to the following:

(A) Title 10, chapter 2: Reserve Officer Training Corps scholarship.

(B) Title 10, chapter 106: Selective Reserve.

(C) Title 10, chapter 107: Selective Reserve Educational Assistance Program.

(D) Title 37, chapter 2: Reserve Officer Training Corps Program.

(E) Title 38, chapter 30: Montgomery GI Bill—active duty.

(F) Title 38, chapter 31: vocational rehabilitation.

(G) Title 38, chapter 32: Post-Vietnam Era Veterans' Educational Assistance Program.

(H) Title 38, chapter 35: Dependents Educational Assistance Program.

(I) Title 38, section 207: unnamed program for 1977-78 service academy attendees and 1978 ROTC graduates.

(J) Public law 97-376, section 156: Restored Entitlement Program for Survivors (or Quayle benefits).

(K) Public Law 96-342, section 903: Educational Assistance Pilot Program.

(d) **INDEPENDENT STUDENT.**—The term "independent", when used with respect to a student, means any individual who—

(1) is 24 years of age or older by December 31 of the award year;

(2) is an orphan or ward of the court;

(3) is a veteran of the Armed Forces of the United States (as defined in subsection (c)(1));

(4) is a graduate or professional student;

(5) is a married individual;

(6) has legal dependents other than a spouse; or

(7) is a student for whom a financial aid administrator makes a documented determination of independence by reason of other unusual circumstances.

(e) **EXCLUDABLE INCOME.**—The term "excludable income" means—

(1) any student financial assistance awarded based on need as determined in accordance with the provisions of this part, including any income earned from work under part C of this title;

(2) any living allowance received by a participant in a program established under the National and Community Service Act of 1990;

(3) alimony and child support payments; and

(4) payments made and services provided under part E of title IV of the Social Security Act.

(f) **ASSETS.**—(1) The term "assets" means cash on hand, including the amount in checking and savings accounts, time deposits, money market funds, trusts, stocks, bonds, other securities, mutual funds, tax shelters, and the net value of real estate, income producing property, and business and farm assets.

(2) With respect to determinations of need under this title, other than for subpart 4 of part A, the term "assets" shall not include the net value of—

(A) the family's principal place of residence;

(B) a family farm on which the family resides; or

(C) a small business (as that term is defined in regulation prescribed by the Administrator of the Small Business Administration pursuant to the Small Business Act) substantially owned and managed by a member or members of the family.

(g) **NET ASSETS.**—The term “net assets” means the current market value at the time of application of the assets included in the definition of “assets” minus the outstanding liabilities or indebtedness against the assets.

(h) **TREATMENT OF INCOME TAXES PAID TO OTHER JURISDICTIONS.**—(1) The tax on income paid to the Governments of the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, or the Northern Mariana Islands, or the Trust Territory of the Pacific Islands under the laws applicable to those jurisdictions, or the comparable tax paid to the central government of a foreign country, shall be treated as Federal income taxes.

(2) References in this part to the Internal Revenue Code of 1986, Federal income tax forms, and the Internal Revenue Service shall, for purposes of the tax described in paragraph (1), be treated as references to the corresponding laws, tax forms, and tax collection agencies of those jurisdictions, respectively, subject to such adjustments as the Secretary may prescribe by regulation.

(i) **CURRENT BALANCE.**—The term “current balance of checking and savings accounts” does not include any funds over which an individual is barred from exercising discretion and control because of the actions of any State in declaring a bank emergency due to the insolvency of a private deposit insurance fund.

(j) **OTHER FINANCIAL ASSISTANCE; TUITION PREPAYMENT PLANS.**—(1) For purposes of determining a student's eligibility for funds under this title, estimated financial assistance not received under this title shall include all scholarships, grants, loans, or other assistance known to the institution at the time the determination of the student's need is made.

(2)(A) Except as provided in subparagraph (B), for purposes of determining a student's eligibility for funds under this title, tuition prepayment plans shall reduce the cost of attendance (as determined under section 472) by the amount of the prepayment, and shall not be considered estimated financial assistance.

(B) If the institutional expense covered by the prepayment must be part of the student's cost of attendance for accounting purposes, the prepayment shall be considered estimated financial assistance, as defined in subsection 480(j).

PART G—GENERAL PROVISIONS RELATING TO STUDENT ASSISTANCE PROGRAMS

DEFINITIONS

SEC. 481. (a) INSTITUTION OF HIGHER EDUCATION.—(1) Subject to subsection (e), for the purpose of this title, except subpart 6 of part A [and part B], the term “institution of higher education” includes, in addition to the institutions covered by the definition contained in section 1201(a)—

(A) a proprietary institution of higher education; and

(B) a postsecondary vocational institution [;].

[(C) a department, division, or other administrative unit in a college or university which provides primarily or exclusively an accredited program of education in professional nursing and allied subjects leading to the degree of bachelor of nursing, or to an equivalent degree, or to a graduate degree in nursing; and

[(D) a department, division, or other administrative unit in a junior college, community college, college, or university which provides primarily or exclusively an accredited 2-year program of education in professional nursing and allied subjects leading to an associate degree in nursing or to an equivalent degree.]

[(2) The term "accredited" when applied to any program of nurse education means a program accredited by a recognized body or bodies approved for such purpose by the Secretary.

[(3) Whenever the Secretary determines eligibility under paragraph (1), the Secretary shall not recognize the accreditation of any eligible institution of higher education under this subsection if the institution of higher education is in the process of receiving a new accreditation or changing accrediting agency or association unless the eligible institution submits to the Secretary all materials relating to the prior accreditation, including materials demonstrating reasonable cause for changing the accrediting agency or association.]

(2) Notwithstanding paragraph (1) of this subsection, an institution which enrolls 50 percent or more of its students in correspondence courses is not an "institution of higher education" under this title.

(3) An institution may not qualify as an institution of higher education if—

(A) such institution has filed for bankruptcy; and

(B) the institution, its owner, or its chief executive officer has been convicted of, or has pled nolo contendere or guilty to, a crime involving the acquisition, use, or expenditure of funds under this title, or has been judicially determined to have committed fraud involving funds under this title.

(4) The Secretary shall certify an institution's qualification as an institution of higher education in accordance with the requirements of subsections (e) and (f) of this subsection.

(5)(A) The term "institution of higher education" does not include institutions of higher education that are not currently approved by a State postsecondary approval agency in accordance with the requirements of part H of this title.

(B) Subparagraph (A) shall not apply to any institution which—

(i) has a program participation agreement with the Secretary in accordance with section 487 in effect as of the effective date of this part H; and

(ii) has made timely application to the appropriate State approving agency in accordance with the requirements of this part H,

unless the Secretary has terminated such institution's participation in programs under this title in accordance with section 487 or subsection (i) of section 497.

(b) **PROPRIETARY INSTITUTION OF HIGHER EDUCATION.**—For the purpose of this section, the term “proprietary institution of higher education” means a school (1) which provides not less than a 6-month program of training to prepare students for gainful employment in a recognized occupation, (2) which meets the requirements of clauses (1) and (2) of section 1201(a), (3) which does not meet the requirement of clause (4) of section 1201(a), (4) which is accredited by a nationally recognized accrediting agency or association approved by the Secretary for this purpose, and (5) which has been in existence for at least 2 years. [Such term also includes a proprietary educational institution in any State which, in lieu of the requirement in clause (1) of section 1201(a), admits as regular students persons who are beyond the age of compulsory school attendance in the State in which the institution is located. For the purpose of this subsection, the Secretary shall publish a list of nationally recognized accrediting agencies or associations which he determines to be reliable authority as to the quality of training offered.] *Notwithstanding clause (1) of this subsection, an institution which provides less than a 600 clock hour, but more than a 300 clock hour, program of training to prepare students for gainful employment in a recognized occupation may be eligible for loans under part B or part D if (i) the owner of the institution or a prospective employer cosigns the loan with the students, pursuant to regulations of the Secretary; and (ii) the loan amount is not more than half of the tuition and fees as defined in section 472(1).*

* * * * *

[(d) **ACADEMIC YEAR.**—For the purpose of any program under this title, the term “academic year” shall be defined by the Secretary by regulation.]

[(e) **IMPACT OF LOSS OF ACCREDITATION.**—An institution may not be certified or recertified as an institution of higher education under subsection (a) of this section if such institution has—

[(1) had its institutional accreditation withdrawn, revoked, or otherwise terminated for cause during the preceding 24 months; or

[(2) withdrawn from institutional accreditation voluntarily under a show cause or suspension order during the preceding 24 months;

unless—

[(A) such accreditation has been restored by the same accrediting agency which had accredited it prior to the withdrawal, revocation, or termination; or

[(B) the institution has demonstrated its academic integrity to the satisfaction of the Secretary in accordance with section 1201(a)(5) (A) or (B) of this Act.]

(d) **ACADEMIC AND AWARD YEAR.**—(1) For the purpose of any program under this title, the term “award year” shall be defined as the period beginning July 1 and ending June 30 of the following year.

(2) For the purpose of any program under this title, the term “academic year” shall require a minimum of 30 weeks of instructional time in which a full-time student is expected to complete at least 24 semester or trimester hours or 36 quarter hours at an institution which measures program length in credit hours or at least 900 clock

hours at an institution which measures program length in clock hours. For the purpose of any program under this title, program length for any course of instruction of less than two years which is occupational, vocational, trade, or technical in nature shall be measured in clock hours, except for a program where all of the hours are fully acceptable for credit in a two or four year program at the institution.

(e) **TIME LIMITATIONS ON, AND RENEWAL OF, ELIGIBILITY.**—(1) The eligibility for the purposes of any program authorized under this title of any institution that is participating in any such program on the date of enactment of the Higher Education Amendments of 1992 shall expire in accordance with the schedule prescribed by the Secretary in accordance with paragraphs (2) and (3), but not later than 5 years after such date of enactment.

(2) The Secretary shall establish a schedule for the expiration of the eligibility for purposes of any such program of all institution of higher education within the 5-year period specified in paragraph (1).

(3) Such schedule shall place a priority for the expiration of the certification of institutions on those that meet the following criteria: (A) institutions with high default rates, (B) institutions where there is evidence of fraud and abuse, (C) institutions lacking financial responsibility, (D) institutions with a record of having violated or failed to carry out any provisions of this title, or (E) other institutions which the Secretary deems necessary.

(4) After the expiration of the certification of any institution under the schedule prescribed under this subsection, or upon request for initial certification from an institution not previously certified, the Secretary may certify the eligibility for the purposes of any program authorized under this title of each such institution for a period not to exceed 4 years.

(5) The personnel of the Department of Education shall conduct a site visit at each institution before certifying or recertifying its eligibility for purposes of any such program. The Secretary may charge reasonable fees to cover the expenses of certification and site visits and, to the extent permitted by appropriations Acts, may retain such fees to cover such expenses.

(6) The Secretary shall not certify the eligibility of any institution for such purposes unless the Secretary determines that such institution complies with criteria prescribed by the Secretary, pursuant to section 487(a)(9), to ensure the proper and efficient administration of funds received from the Secretary or from students under this title.

(f) **PROVISIONAL CERTIFICATION OF INSTITUTIONAL ELIGIBILITY.**—

(1) Notwithstanding any other provision of law, the Secretary is authorized to provisionally certify an institution's eligibility to participate in programs under this title if—

(A) the institution's administrative capability and financial responsibility is being determined for the first time;

(B) there is a complete or partial transfer of ownership, as defined under section 481(h), of an eligible institution; or

(C) the Secretary deems that an institution is, in the judgment of the Secretary, in an administrative or financial condition that may jeopardize its ability to perform its responsibilities under its program participation agreement.

(2) *The Secretary may provisionally certify an institution under this subsection for up to 3 complete award years.*

(3) *If, prior to the end of a period of provisional certification under this subsection, the Secretary determines that the institution is unable to meet its responsibilities under its program participation agreement, the Secretary may terminate the institution's participation in programs under this title.*

(g) *BRANCHES.*—For the purposes of this title, a branch of an eligible institution, as defined pursuant to the regulations of the Secretary, is a separate institution of higher education and therefore must separately meet all the requirements of this title.

(h) *CHANGES OF OWNERSHIP.*—For the purpose of this section (other than subsection (b)(5)), an eligible institution of higher education that has a change in ownership resulting in a change in control shall not be considered to be the same institution and shall be considered a new institution for the purpose of establishing eligibility. Such actions may include (but are not limited to)—

- (1) *the sale of the institution or the majority of its assets;*
- (2) *the transfer of the controlling interest of stock of the institution or its parent corporation;*
- (3) *the merger of two or more eligible institutions;*
- (4) *the division of one or more institutions into two or more institutions;*
- (5) *the transfer of the controlling interest of stock of the institutions to its parent corporation; or*
- (6) *the transfer of the liabilities of the institution to its parent corporation.*

MASTER CALENDAR

SEC. 482. (a) **SECRETARY REQUIRED TO COMPLY WITH SCHEDULE.**—To assure adequate notification and timely delivery of student aid funds under this title, the Secretary shall adhere to the following calendar dates in the year preceding the award year:

(1) **Development and distribution of Federal and multiple data entry forms—**

(A) by February 1: first meeting of the technical committee and formal design of the Department;

(B) by March 1: proposed modifications and updates pursuant to [sections 411E and] section 478 published in the Federal Register;

(C) by June 1: final modifications and updates pursuant to [sections 411E and] section 478 published in the Federal Register;

* * * * *

(b) **TIMING FOR REALLOCATIONS.**—With respect to any funds reallocated under section 413D(e), 442(e), or 462(j), the Secretary shall reallocate such funds at any time during the course of the year that will best meet the purpose of the programs under subpart [2] 3 of part A, part C, and part E, respectively. However, such reallocation shall occur at least once each year, not later than September 30 of that year.

[(c) **DELAY OF EFFECTIVE DATE OF LATE PUBLICATIONS.**—Any additional regulatory changes initiated by the Secretary affecting the

general administration of the programs pursuant to this title that have not been published in final form by December 1 prior to the start of the award year shall not become effective until the beginning of the second award year after the December 1 date.】

(c) *DELAY OF EFFECTIVE DATE OF LATE PUBLICATIONS.*—Any regulatory changes initiated by the Secretary affecting the programs pursuant to this title that have not been published in final form by December 1 prior to the start of the award year shall not become effective until the beginning of the second award year after such December 1 date.

* * * * *

FORMS AND REGULATIONS

SEC. 483. (a) COMMON FINANCIAL AID FORM AND PROCESSING.—(1) The Secretary, in cooperation with representatives of agencies and organizations involved in student financial assistance, shall prescribe a common financial reporting form to be used to determine the need and eligibility of a student for financial assistance under parts A, C, and E of this title (other than under subpart 【3】 4 of part A) and to determine the need of a student for the purpose of part B of this title. For the purpose of collecting eligibility and other data for the purpose of part B, guaranty agencies, in cooperation with the Secretary, shall develop separate, identifiable loan application documents that applicants or institutions in which the students are enrolled or accepted for enrollment shall submit directly to eligible lenders and on which the applicant shall clearly indicate a choice of lender. 【No student or parent of a student shall be charged a fee for processing the form prescribed by the Secretary whether the student completes that form or any other approved form. A student or parent may be charged a fee for processing an institutional or a State financial aid form or data elements that is not required by the Secretary.】 *The common financial reporting form prescribed by the Secretary shall be produced, distributed, and processed by the Secretary and no parent or student shall be charged a fee for the collection, processing, or delivery of financial aid through the use of such form. If an institution requires or encourages a student to use any form other than one approved by the Secretary, the costs of such forms or processing of such forms, or of the delivery of aid as the result of using such forms, shall be paid by the institution and shall not be charged to or in any way passed on to the student. The need and eligibility of a student for financial assistance under parts A, C, and E of this title (other than under subpart 4 of part A) and the need of a student for the purpose of parts B and D of this title, may only be determined by using the form developed by the Secretary pursuant to this section. No student may receive assistance under parts A, C, and E of this title (other than under subpart 4 of part A) or have his or her need established for the purpose of parts B and D of this title, except by use of the form developed by the Secretary pursuant to this section. Institutions and States may receive without charge the data collected by the Secretary using the form developed pursuant to this section for the purposes of determining need and eligibility for insti-*

tutional and State financial aid awards. This application will satisfy the requirements of section 411(d) of this title.

(2) The Secretary shall [to the extent practicable,] enter into [not less than 5] contracts with States, institutions of higher education, or private organizations for the purpose of processing the application required under this subsection and issuing eligibility reports. [The Secretary shall not select new multiple data entry processors after the date of enactment of the Higher Education Amendments Act of 1986, until the Advisory Commission on Student Financial Assistance has examined and made recommendations on the expansion of the number and kind of processors and its impact on students, has assessed and made recommendations on the relative cost of processing applications and development fees, and has examined and made recommendations on the implementation of a standardized fee for the reimbursement of all processors by the Federal Government.]

* * * * *

(5) *No approved contractor shall enter into exclusive arrangements with guarantors, lenders, secondary markets, or institutions for the purpose of reselling or sharing of data collected for the multiple data entry process. All data collected for the multiple data entry process is the exclusive property of the Secretary and may not be transferred to a third party by an approved contractor without the Secretary's expressed written approval.*

[(5)] (6) Nothing in this section shall prohibit States, institutions of higher education, or private organizations from simultaneously collecting data elements, in addition to the data elements prescribed by the Secretary, as may be necessary to determine the eligibility of a student for financial aid funds not covered by this title.

(7) *Individuals determined to have a zero family contribution pursuant to section 479 shall not be required to provide any financial data, except that which is necessary to determine eligibility under that section.*

(b) **STREAMLINED REAPPLICATION PROCESS.**—(1) *The Secretary shall, within 270 days after the date of enactment of the Higher Education Amendments of 1992, develop a streamlined process for those recipients who reapply for financial aid funds under this title in the next succeeding academic year subsequent to the initial year in which they apply.*

(2) *The Secretary shall develop appropriate mechanisms to support reapplication.*

(3) *The Secretary shall determine, in cooperation with institutions, agencies, and organizations involved in student financial assistance, the data elements that can be updated from the previous academic year's application.*

(4) *Nothing in this title shall be interpreted as limiting the authority of the Secretary to reduce the number of data elements required of reapplicants.*

[(b)] (c) **CERTIFICATION OF CAPABILITY.**—Beginning with the 1988-1989 processing year, the Secretary shall be authorized to enter into agreements with institutions of higher education, States, or private organizations for the purpose of certifying the capability

of their systems for determining expected family contributions under part F of this title.

[(c)] (d) INFORMATION TO COMMITTEES OF CONGRESS.—Copies of all rules, regulations, guidelines, instructions, and application forms published or promulgated pursuant to this title shall be provided to the Committee on Labor and Human Resources of the Senate and the Committee on Education and Labor of the House of Representatives at least 45 days prior to their effective date.

[(d) INFORMATION ON ELIGIBILITY FOR ASSISTANCE.—To help ensure access to postsecondary education by providing early notice to students for their potential eligibility for financial aid, the Secretary is authorized to enter into contracts with States, institutions of higher education, and private organizations for the purpose of—

[(1) developing a common pre-eligibility Federal financial aid form,

[(2) distributing and processing such form on a year-round basis free of charge to students, and

[(3) issuing, on the basis of information reported by the student on such form, a pre-eligibility index designed to estimate the amount of Federal (and, if feasible, non-Federal) funds for which the student might qualify in later completing and submitting the application form called for under this section.

The Secretary shall widely disseminate the pre-eligibility form through post offices and other appropriate Federal installations, schools, postsecondary institutions, libraries, and community-based agencies, including projects assisted under subparts 4 and 5 of part A of this title.

[(e) TOLL-FREE INFORMATION.—The Secretary shall contract for, or establish, and publicize a toll-free telephone number to provide timely and accurate information to the general public. The information provided shall include specific instructions on completing application forms for assistance under this title.

[(f) NOTICE OF STUDENT AID RECEIPT.—(1) The Secretary shall develop a single form on which the amount of assistance received under this title (except assistance received under subparts 4, 5, and 7 of part A) by each student who receives such assistance can be recorded. This form shall be titled "United States Department of Education, Federal Student Assistance Report". Such form shall have prominently displayed the Great Seal of the United States. Such form shall be the same or a closely similar color to that of checks issued by the Treasury Department and be provided by the Secretary free to eligible institutions in sufficient quantity and in a timely manner so that each eligible institution can provide a completed copy to each recipient of assistance under this title (except assistance received under subparts 4, 5, and 7 of part A) at the time awards are made but not less than once annually.

[(2) Eligible institutions shall provide to each recipient of assistance under this title (except assistance received under subparts 4, 5, and 7 of part A) a completed copy of the "United States Department of Education, Federal Student Assistance Report" form at the time awards are made but not less than once annually.]

(e) TOLL-FREE INFORMATION.—The Secretary shall contract for, or establish, and publicize a toll-free telephone number, including a telephone number accessible by telecommunication devices for the

deaf (TDD's), to provide timely and accurate information to the general public and to refer students with disabilities and their families to the national clearinghouse on postsecondary education that is authorized under section 633(c) of the Individuals with Disabilities Education Act.

STUDENT ELIGIBILITY

SEC. 484. (a) IN GENERAL.—In order to receive any grant, loan, or work assistance under this title, a student must—

(1) by enrolled or accepted for enrollment in a degree, certificate, or other program (*including a program of study abroad approved for credit by the eligible institution*) leading to a recognized educational credential at an institution of higher education that is an eligible institution in accordance with the provisions of section 487, except as provided in subsections (b)(3) and (b)(4), and not be enrolled in an elementary or secondary school;

* * * * *

[(4) file with the institution of higher education which the student intends to attend, or is attending (or in the case of a loan or loan guarantee with the lender), a statement of educational purpose (which need not be notarized but which shall include such student's social security number or, if the student does not have a social security number, such student's student identification number) stating that the money attributable to such grant, loan, or loan guarantee will be used solely for expenses related to attendance or continued attendance at such institutions; and]

(4) file with the institution of higher education which the student intends to attend, or is attending (or in the case of a loan or loan guarantee with the lender), a document, which need not be notarized, but which shall include—

(A) a statement of educational purpose stating that the money attributable to such grant, loan, or loan guarantee will be used solely for expenses related to attendance or continued attendance at such institution; and

(B) such student's social security number;

(5) be a citizen or national of the United States, a permanent resident of the United States, in the United States for other than temporary purpose and able to provide evidence from the Immigration and Naturalization Service of his or her intent to become a permanent resident, or a permanent resident of the Trust Territory of the Pacific Islands, Guam, or the Northern Mariana Islands[.]; and

(6) in the case of a student enrolled in an undergraduate program of study, not have previously received a baccalaureate degree.

(b) ELIGIBILITY FOR STUDENT LOANS.—(1) In order to be eligible to receive any loan under this title (other than a loan under section 428B or 428C) for any period of enrollment, a student who is not a graduate or professional student (as defined in regulations of the Secretary), and who is enrolled in a program at an institution which has a participation agreement with the Secretary to make

awards under subpart [1] 2 for such period of enrollment; and (ii) if determined to be eligible, have filed an application for a Pell Grant for such enrollment period; or

(B) have (A) filed an application with the Pell Grant processor for such institution for such enrollment period, and (B) received from the financial aid administrator of the institution a preliminary determination of the student's eligibility or ineligibility for a grant under such subpart [1] 2.

(4) A student who—

(A) is carrying at least one-half the normal full-time work load for the course of study the student is pursuing, as determined by the institution, and

(B) is enrolled or accepted for enrollment in a program at an eligible institution necessary for a professional credential or certification from a State that is required for employment as a teacher in an elementary or secondary school in that State, shall be, notwithstanding paragraph (1) of subsection (a), eligible to apply for loans under part [B] B, D, or E of this title or work-study assistance under part C of this title.

(5) *Notwithstanding any other provision of this subsection, no incarcerated student is eligible to receive a loan under this title.*

(d) **TESTING OF STUDENTS WHO ARE NOT HIGH SCHOOL GRADUATES.**—In order for a student who does not have a certificate of graduation from a school providing secondary education, or the recognized equivalent of such certificate, to be eligible for any assistance under subparts [1, 2, and 3] 2, 3, and 4 of part A and parts 3, C, D and E of this title, the student shall (1) pass an independently administered examination approved by the Secretary [.] ; or (2) *be determined as having the ability to benefit from the education or training in accordance with such process as the State or an agency of such State shall prescribe. Any such process described or approved by a State for the purposes of this section shall be effective only upon review and approval of the Secretary in accordance with standards duly promulgated by the Secretary, which standards shall take into account the effectiveness of such process in enabling students without high school diplomas or the equivalent thereof to benefit from the instruction offered by institutions utilizing such process, and shall also take into account the cultural diversity, economic circumstances, and educational preparation of the populations served by the institutions.*

(f) **VERIFICATION LIMITATIONS.**—Notwithstanding any other provision of law, the Secretary may not require, or prescribe regulations that require, institutions to verify the accuracy of data used to determine the eligibility for any program under this title for more than 30 percent of the applicants in any award year. In carrying out the provisions of this subsection no eligible institution shall be required to verify more than 30 percent of such applicants in any award year. *Nothing in this subsection shall preclude the Secretary from verifying all applicants for aid through the use of any means*

available, including through the exchange of information with any other Federal agency.

(g) **LOSS OF ELIGIBILITY FOR VIOLATION OF LOAN LIMITS.**—(1) No student shall be eligible to receive any grant, loan, or work assistance under this title if the eligible institution determines that the student *fraudulently* borrowed in violation of the annual loan limits under part B, part D or part E of this title in the same academic year, or if the student *fraudulently* borrowed in excess of the aggregate maximum loan limits under such part B, part D or part E.

(2) If the institution determines that the student inadvertently borrowed amounts in excess of such annual or aggregate maximum loan limits, such institution shall allow the student to repay any amount borrowed in excess of such limits prior to certifying the student's eligibility for further assistance under this title.

* * * * *

(l) **VERIFICATION OF SOCIAL SECURITY NUMBER.**—The Secretary of Education, in cooperation with the Commissioner of the Social Security Administration, shall verify any social security number provided by a student to an eligible institution under subsection (a)(4) and shall enforce the following conditions:

(1) An institution shall not deny, reduce, delay, or terminate a student's eligibility for assistance under this part because social security number verification is pending.

(2) If there is a determination by the Secretary that the social security number provided to an eligible institution by a student is incorrect, the institution shall deny or terminate the student's eligibility for any grant, loan, or work assistance under this title until such time as the student provides a correct social security number.

(3) If there is a determination by the Secretary that the social security number provided to an eligible institution by a student is incorrect, and a correct social security number cannot be provided by such student, and a loan has been guaranteed for such student under part B of this title, the institution shall notify and instruct the lender and guaranty agency making and guaranteeing the loan to cease further payments under the loan, but such guaranty shall not be voided or otherwise nullified with respect to such payments made before the date that the lender and the guaranty agency receives such notice.

(4) Nothing in this subsection shall permit the Secretary to take any compliance, disallowance, penalty, or other regulatory action against any institution of higher education with respect to any error in a social security number, unless such error was a result of fraud on the part of the institution or any action against any student with respect to any error in a social security number, unless such error was a result of fraud on the part of the student.

(m) **DATA BASE MATCHING.**—To enforce the Selective Service registration provisions of section 113 of Public Law 97-252, the Secretary shall conduct data base matches with the Selective Service, using common demographic data elements. Appropriate confirmation, through an application output document or through other means, of

any person's registration shall fulfill the requirement to file a separate statement of compliance. Further, in the absence of a confirmation from such data matches, an institution may also use data or documents that support either the student's registration or the absence of a registration requirement for the student, to fulfill the requirement to file a separate statement of compliance. The mechanism for reporting the resolution of nonconfirmed matches shall be prescribed in regulations by the Secretary.

(n) **STUDY ABROAD.**—Nothing in this Act shall be construed to limit or otherwise prohibit access to approved study abroad programs. Students who are otherwise eligible who are engaged in a program of study abroad approved for academic credit by the student's home institution are eligible for assistance under this title. It is not necessary for such a study abroad program to be required as part of the student's degree program to qualify for such assistance.

(o) **COURSES OFFERED THROUGH TELECOMMUNICATIONS DEVICES.**—

(1) Students enrolled in courses of instruction at eligible institutions of higher education that are offered in whole or in part through visual telecommunications devices or mediums and lead to recognized associate, bachelor, or graduate degrees conferred by such institutions shall not be considered to be enrolled in correspondence courses.

(2) Students shall not have their eligibility to participate in programs under this title restricted or reduced if such restriction or reduction is based solely on their enrollment in courses described in paragraph (1) of this subsection.

(3) For the purposes of this subsection, the term "visual telecommunications devices or mediums" means the use of television transmission, including (but not limited to) open broadcast, closed circuit, cable, microwave, or satellite, and the use of video cassettes, video discs, and other systems or devices that produce visual images.

(p) **SUSPENSION OF ELIGIBILITY FOR DRUG-RELATED OFFENSES.**—

(1) **IN GENERAL.**—An individual who, after qualifying under this section as an eligible student, has been convicted under any Federal or State law of the possession or sale of a controlled substance shall not be eligible to receive any grant, loan, or work assistance under this title during the period beginning on the date of such conviction and ending after the interval specified in the following table:

<i>If convicted of:</i>	<i>Ineligibility period is:</i>
The possession of a controlled substance	
1st conviction	1 year
2nd conviction	2 years
3rd conviction	indefinite
The sale of a controlled substance	
1st conviction	2 years
2nd conviction	indefinite

(2) **REHABILITATION.**—A student whose eligibility has been suspended under paragraph (1) shall resume eligibility before the end of the period determined under such paragraph if the student satisfactorily completes a drug rehabilitation program

that complies with such criteria as the Secretary shall prescribe for purposes of this paragraph.

(3) **FIRST CONVICTIONS.**—A student whose eligibility has been suspended under paragraph (1) and is convicted of his or her first offense may resume eligibility before the end of the period determined under such paragraph if the student demonstrates that he or she has enrolled or been accepted for enrollment in a drug rehabilitation program that complies with such criteria as the Secretary shall prescribe for purposes of this subsection.

(4) **DEFINITIONS.**—As used in this subsection, the term "controlled substance" has the meaning given in section 102(6) of the Controlled Substances Act (21 U.S.C. 802(6)).

(5) **EFFECTIVE DATE.**—This subsection shall be effective upon publication by the Secretary in the Federal Register of criteria prescribed under paragraph (2) of this subsection.

STATUTE OF LIMITATIONS

SEC. 484A.

(a) * * *

* * * * *

(c) **OTHER CLAIMS AND DEFENSES.**—With respect to any loan made under part B of this title, a lender (except for a loan where the lender is an eligible institution), a holder, a guaranty agency or the Secretary shall not be subject to any claim or defense asserted by the borrower which is attributable to an act or failure to act by an educational institution attended by the borrower.

INSTITUTIONAL REFUNDS

SEC. 484B. (a) **REFUND POLICY REQUIRED.**—Each institution of higher education participating in a program under this title shall have in effect a fair and equitable refund policy under which the institution refunds unearned tuition, fees, room and board, and other charges to a student who received grant, loan, or work assistance under this title, or whose parent received a loan made under section 428B on behalf of the student, if the student—

(1) does not register for the period of attendance for which the assistance was intended; or

(2) withdraws or otherwise fails to complete the period of enrollment for which the assistance was provided.

(b) **DISCLOSURE OF POLICY.**—The institution shall provide a written statement containing its refund policy, together with examples of the application of this policy, to a prospective student prior to the student's enrollment, and make its refund policy known to currently enrolled students. The institution shall include in its statement the procedures that a student must follow to obtain a refund, but whether or not the student follows those procedures, the institution shall, in accordance with subsection (e), pay to the lender the portion of a refund allocable to the student's loans made, insured, or guaranteed under section 427, 428, 428A, or 428B, and return the portion of the refund allocable to another program under title IV of the Act to the appropriate account for that program as stated in section 485(a)(1)(F). If the institution changes its refund policy, it shall ensure that all students are made aware of the new policy.

(c) **DETERMINATIONS.**—The institution's refund policy shall be considered to be fair and equitable for purposes of this section if that policy provides for a refund in an amount of at least the largest of the amounts provided under—

(1) the requirements of applicable State law;

(2) the specific refund requirements established by the institution's nationally recognized accrediting agency and approved by the Secretary;

(3) if no such standards exist, the specific refund policy standards set by another association of institutions of postsecondary education and approved by the Secretary; or

(4) the pro rata refund calculation described in subsection (d), except that this paragraph will not apply to the institution's refund policy for any student whose date of withdrawal from the institution is after the 75 percent point (in time) in the period of enrollment for which the student has been charged.

(d) **DEFINITIONS.**—(1) As used in this section, the term "pro rata refund" means a refund by the institution of not less than that portion of the tuition, fees, room and board, and other charges assessed the student by the institution equal to the portion of the period of enrollment for which the student has been charged that remains on the last recorded day of attendance by the student, rounded downward to the nearest 10 percent of that period, less any unpaid charges owed by the student for the period of enrollment for which the student has been charged, and less a reasonable administrative fee not to exceed the lesser of 5 percent of the tuition, fees, room and board, and other charges assessed the student, or \$100.

(2) For purposes of paragraph (1), the portion of the period of enrollment for which the student has been charged that remains shall be determined—

(A) in the case of a program that is measured in credit hours, by dividing the total number of weeks comprising the period of enrollment for which the student has been charged into the number of weeks remaining in that period as of the last recorded day of attendance by the student;

(B) in the case of a program that is measured in clock hours, by dividing the total number of clock hours comprising the period of enrollment for which the student has been charged into the number of clock hours remaining to be completed by the student in that period as of the last recorded day of attendance by the student; and

(C) in the case of a correspondence program, by dividing the total number of lessons comprising the period of enrollment for which the student has been charged into the total number of such lessons not submitted by the student.

INSTITUTIONAL AND FINANCIAL ASSISTANCE INFORMATION FOR STUDENTS

SEC. 85. (a) **INFORMATION DISSEMINATION ACTIVITIES.**—(1) Each eligible institution participating in any program under this title shall carry out information dissemination activities for prospective and enrolled students (including those attending or planning to attend less than full time) regarding the institution and all finan-

cial assistance under this title. The information required by this section shall be produced and be made readily available, through appropriate publications and mailings, to all current students, and to any prospective student upon request. The information required by this section shall accurately describe—

(A) * * *

* * * * *

(F) a statement of the refund policy of the institution, *as determined under section 484B*, for the return of unearned tuition and fees or other refundable portion of cost, as described in subparagraph (E) of this paragraph, *which refunds shall be credited first to outstanding balances on loans under part B of this title, second to loans under part E of this title, and third to other student assistance provided under this title;*

* * * * *

(K) the standards which the student must maintain in order to be considered to be making satisfactory progress, pursuant to section 484(a)(2); **[and]**

(L) the completion or graduation rate of certificate- or degree-seeking, full-time undergraduate students entering such institutions**[.]**;

[(L)] (M) the terms and conditions under which students receiving guaranteed student loans under part B of this title or direct student loans under part E of this title, or both, may—

(i) obtain deferral of the repayment of the principal and interest for service under the Peace Corps Act (as established by the Peace Corps Act (22 U.S.C. 2501 et seq.)) or under the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4951 et seq.), or for comparable full-time service as a volunteer for a tax-exempt organization of demonstrated effectiveness in the field of community service, and

(ii) obtain partial cancellation of the student loan for service under the Peace Corps Act (as established by the Peace Corps Act (22 U.S.C. 2501 et seq.)) under the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4951 et seq.) or, for comparable full-time service as a volunteer for a tax-exempt organization of demonstrated effectiveness in the field of community service**[.]**; and

(N) *that enrollment in a program of study abroad approved for credit by the home institution may be considered enrollment in the home institution for purposes of applying for Federal student financial assistance.*

* * * * *

(b)(1) **EXIT COUNSELING FOR BORROWERS; BORROWER INFORMATION.**—Each eligible institution shall, through financial aid officers or otherwise, make available counseling to borrowers (individually or in groups) of loans which are made, insured, or guaranteed under part B of this title (other than loans made pursuant to section 428B) of this title or made under part D or E of this title prior to the completion of the course of study for which the borrower enrolled at the institution or at the time of departure from such institution. The counseling required by this subsection shall include—

[(1)] (A) general information with respect to the average indebtedness of students who have loans under [part B or part E] part B, D, or E; and

[(2)] (B) the average anticipated monthly repayments, a review of the repayment options available, together with such debt and management strategies as the institution determines are designed to facilitate the repayment of such indebtedness; and

[(3)] (C) the terms and conditions under which the student may obtain partial cancellation or defer repayment of the principal and interest for service under the Peace Corps Act (as established by the Peace Corps Act (22 U.S.C. 2501 et seq.)) or under the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4951 et seq.) or for comparable full-time service as a volunteer for a tax-exempt organization of demonstrated effectiveness.

In the case of a borrower who leaves an institution without the prior knowledge of the institution, the institution shall attempt to provide the information to the student in writing. [Each eligible institution shall require that the borrower of a loan made under part B, part D, or part E submit to the institution, during the exit interview required by this subsection, the borrower's expected permanent address after leaving the institution, regardless of the reason for leaving; the name and address of the borrower's expected employer after leaving the institution; and the address of the borrower's next of kin. In the case of a loan made under part B, the institution shall then submit this information to the holder of the loan.]

(2)(A) *Each eligible institution shall require that the borrower of a loan made under part B, part D, or part E submit to the institution, during the exit counseling required by this subsection, the borrower's expected permanent address after leaving the institution, regardless of the reason for leaving; the name and address of the borrower's expected employer after leaving the institution; and the address of the borrower's next of kin.*

(B) *Exit counseling shall include a review of the institutions records relating the borrowers name, social security number, and driver's license number. In any case where incomplete or obsolete information is identified, the institution shall collect corrected or complete information.*

(C) *The institution shall, within 60 days after the interview, forward the information collected in subparagraphs (A) and (B) to the lender and the guaranty agency indicated on the borrower's student aid records.*

* * * * *

(f) **DISCLOSURE OF CAMPUS SECURITY POLICY AND CAMPUS CRIME STATISTICS.**—(1) Each eligible institution participating in any program under this title shall on August 1, 1991, begin to collect the following information with respect to campus crime statistics and campus security policies of that institution, and beginning September 1, 1992, and each year thereafter, prepared, publish, and distribute, through appropriate publications or mailings, to all current students and employees, and to any applicant for enrollment or employment upon request, an annual security report containing

at least the following information with respect to the campus security policies and campus crime statistics of that institution:

(A) * * *

* * * * *

[(F) Statistics concerning the occurrence on campus, during the most recent calendar year, and during the 2 preceding calendar years for which data are available, of the following criminal offenses reported to campus security authorities or local police agencies—

- [(i) murder;
- [(ii) rape;
- [(iii) robbery;
- [(iv) aggravated assault;
- [(v) burglary; and
- [(vi) motor vehicle theft.]

(F) Statistics concerning the occurrence on campus, during the most recent calendar year, and during the 2 preceding calendar years for which data are available, of the following criminal offenses reported to campus security authorities or local police agencies:

- (i) murder;
- (ii) sex offenses, forcible or nonforcible;
- (iii) robbery;
- (iv) aggravated assault;
- (v) burglary; and
- (vi) motor vehicle theft.

* * * * *

(J) A statement of current campus policies regarding institutional programs aimed at the prevention of sex offenses, procedures to be followed once a sex offense has occurred, and the availability of assistance to victims.

* * * * *

(7) In developing a campus sexual assault policy pursuant to paragraph (1)(J), some examples might include—

(A) clearly establishing the role of appropriate campus personnel in—

(i) counseling students regarding the options available for responding to the sexual offense, for example, contacting local police and/or going through an internal campus disciplinary proceeding;

(ii) contacting the proper authorities on the occurrence of a sexual offense and providing students a list of the campus personnel responsible for providing students with any assistance or information they are to receive from the school;

(iii) informing students and campus personnel as to the importance of preserving evidence as may be necessary to the proof of criminal sexual assault;

(B) consider the following provisions for inclusion in their campus policy—

(i) providing that both the assailant and the victim are assured of the same opportunity to have or not have legal

assistance, or ability to have others present, in any campus disciplinary proceeding; and the right to be notified of the outcome of such proceeding;

(ii) providing information on any options, as provided by State and Federal laws or regulations, with regard to mandatory testing of sexual assault suspects for communicable diseases and with regard to notification to victims of the results of such testing;

(iii) providing information on what other services are available to students who are victims of sexual offenses. For example, providing a list of mental health services operated by the institution and/or rape crisis centers in the surrounding community;

(iv) how the institution might try to keep the victim out of close proximity to the alleged assailant in classes and the living environment. For example, the institutions might try to offer the student housing alternatives or classes separate from the alleged assailant, if they are reasonably available.

* * * * *

NATIONAL STUDENT LOAN DATA SYSTEM

SEC. 485B. (a) * * *

(e) **COMMON IDENTIFIERS.**—The Secretary shall, not later than July 1, 1993—

(1) revise the codes used to identify institutions and students in the student loan data system authorized by this section to make such codes consistent with the codes used in each database used by the Department of Education that contains information of participation in programs under this title; and

(2) modify the design or operation of the system authorized by this section to ensure that data relating to any institution is readily accessible and can be used in a form compatible with the integrated postsecondary education data system (IPEDS).

(f) **INTEGRATION OF DATABASES.**—The Secretary shall integrate the National Student Loan Data System with the Pell Grant applicant and recipient databases as of January 1, 1994, and any other databases containing information on participation in programs under this title.

STUDENT LOAN DATA SYSTEM

SEC. 485C. (a) **SYSTEM REQUIRED.**—The Secretary shall establish a centralized data system for use by schools, borrowers, holders, and guarantors in the confirmation of borrower status, identification of the current holder and servicer of a loan, and confirmation of internship and residency status. Such system shall, at a minimum, contain information for all loans under part B transferred from one eligible lender to another, or serviced by a third party on behalf of an eligible lender, or originated with the proceeds of tax-exempt funds.

(b) **INFORMATION IN SYSTEM.**—The information contained in such data system shall be deemed reliable for all program purposes relat-

ing to the conduct of loan servicing, including but not limited to, compliance with due diligence and claim filing requirements.

(c) **DEADLINES.**—The Secretary shall—

(1) within 6 months of the date of the enactment of this section, submit a plan to the Committee on Labor and Human Resources to the Senate and the Committee on Education and Labor of the House for the establishment of such a data system,

(2) implement such a data system within 2 years of the date of enactment.

(d) **RESTRICTED ACCESS.**—Notwithstanding the provisions of section 552(a) of title 5, United States Code, relating to freedom of information, access to information in the data system established and maintained pursuant to subsection (a) shall be restricted to individuals and entities specifically authorized by the Secretary to have such access.

TRAINING IN FINANCIAL AID AND STUDENT SUPPORT SERVICES

[SEC. 486. (a) PROGRAM AUTHORITY.—The Secretary is authorized to enter into contracts with appropriate public agencies or nonprofit private organizations or institutions of higher education to provide training for financial and administrators, student peer counselors, student staff or volunteers, and other part-time staff and volunteers who provide financial aid, admissions and academic counseling and outreach, and student support programs in postsecondary education in postsecondary institutions, communities, or statewide programs.

[(b) USE OF FUNDS.—Financial assistance under this section may be used for—

[(1) development of materials and in-service training and career awareness programs;

[(2) operation of short-term training institutes designed to improve the skills and career awareness of participants in such institutes; and

[(3) special programs to assist in training of students and part-time staff or volunteers at institutions eligible for assistance under title III of this Act.

[(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated \$1,000,000 to carry out the provisions of this section for fiscal year 1981 and for each of the succeeding fiscal years ending prior to October 1, 1986.]

TRAINING IN FINANCIAL AID AND STUDENT SUPPORT SERVICES

SEC. 486. (a) PROGRAM AUTHORITY.—The Secretary is authorized to provide grants to appropriate nonprofit private organizations or combinations of such organizations to provide training for student financial aid administrators and TRIO personnel, at all levels of experience, who provide student financial aid services or TRIO support programs.

(b) Use of Funds.—Financial assistance under this section may be used for, but is not limited to—

(1) the operation of short-term training institutes and special training programs for student financial aid administrators or TRIO personnel designed to—

(A) improve the professional management skills of participants in such institutes and programs;

(B) improve the delivery of student services;

(C) improve students' or prospective students' information on the availability and operation of student financial assistance programs;

(D) improve the understanding and knowledge of the participants concerning the student financial assistance programs' legislative and regulatory requirements and changes in legislation and regulations; and

(2) the development of appropriate materials.

(c) **LIMITATIONS.**—Grants authorized under this section shall be—

(1) limited to not less than \$1,000,000 for single-year grants;

(2) limited to not less than \$1,000,000 per year for multiple-year grants;

(3) limited to a maximum of 3 years for multiple-year grants; and

(4) may be renewed at the discretion of the Secretary.

(d) **AUTHORIZATION OF APPROPRIATIONS AND USE OF FUNDS.**—In addition to the sums provided pursuant to section 434, there are authorized to be appropriated \$5,000,000 for fiscal year 1993 such sums as may be necessary for each of the 4 succeeding fiscal years to carry out the provisions of this section.

PROGRAM PARTICIPATION AGREEMENTS

SEC. 487. (a) REQUIRED FOR PROGRAMS OF ASSISTANCE; CONTENTS.—In order to be an eligible institution for the purpose of any program authorized under this title, an institution must be an institution of higher education or an eligible institution (as that term is defined for the purpose of that program) and shall, except with respect to a program under subpart [3] 4 of part A, enter into a program participation agreement with the Secretary. The agreement shall condition the initial and continuing eligibility of an institution to participate in a program upon compliance with the following requirements:

(1) * * *

* * * * *

(8) In the case of an institution that advertises job placement rates as a means of attracting students to enroll in the institution, the institution will make available to prospective students, at or before the time of application[.] (A) the most recent available data concerning employment statistics, graduation statistics, and any other information necessary to substantiate the truthfulness of the advertisements, and (B) relevant State licensing requirements of the State in which such institution is located for any job for which the course of instruction is designed for such prospective students.

* * * * *

(13) The institution will not provide any commission, bonus, or other incentive payment based directly or indirectly on success in securing enrollments or financial aid to any persons or entities engaged in any student recruiting or admission activi-

ties or in making decisions regarding the award of student financial assistance.

(14) The institution acknowledges the authority of the Secretary, guaranty agencies, lenders, accrediting agencies, the Secretary of Veterans Affairs, and State approving bodies under section 495 to share with each other any information pertaining to the institution's eligibility to participate in programs under this title or any information on fraud and abuse.

(15)(A) The institution will not employ an individual in a capacity that involves the administration of programs under this title, or the receipt of program funds under this title, who has been convicted of, or has pled *nolo contendere* or guilty to, a crime involving the acquisition, use, or expenditure of funds under this title, or has been judicially determined to have committed fraud involving funds under this title or contract with an institution or third party servicer that has been terminated under section 432 involving the acquisition, use, or expenditure of funds under this title, or who has been judicially determined to have committed fraud involving funds under this title.

(B) The institution will not use any individual, agency, or organization that has been, or whose officers or employees have been—

(i) convicted of, or pled *nolo contendere* or guilty to, a crime involving the acquisition, use, or expenditure of funds under this title; or

(ii) judicially determined to have committed fraud involving funds under this title.

(16)(A) The institution, in order to participate as an eligible institution under part B, will develop a Default Management Plan for approval by the Secretary as part of its initial application for certification as an eligible institution and will implement such Plan for two years thereafter.

(B) Any institution of higher education which changes ownership and any eligible institution which changes its status as a parent or subordinate institution shall, in order to participate as an eligible institution under part B, develop a Default Management Plan for approval by the Secretary and implement such Plan for two years after its change of ownership or status.

(17) The institution will not deny any form of Federal financial aid to any student who meets the eligibility requirements of this Act on the grounds that the student is participating in a program of study abroad approved for credit by the institution.

(18) The institution will complete surveys conducted as a part of the Integrated Postsecondary Education Data System (IPEDS) or any other Federal postsecondary institution data collection effort, as designated by the Secretary, in a timely manner and to the satisfaction of the Secretary.

(19) The institution will collect and transmit to the Secretary information on students participating in programs under subpart 2 of part A and part C of this title consistent with data collected by the Secretary concerning Pell Grant applicants and recipients, and will report this information to the Secretary annually, in a manner specified by the Secretary, to the satisfaction of the Secretary.

(20) *With respect to any institution that offers athletically related student aid, the institution will—*

(A) *have an annual audit conducted, in accordance with guidelines prescribed by the Secretary by regulation, by a person certified to perform financial audits, of—*

(i) *the total revenues, and the revenues by sport, derived by the institution's athletic departments and intercollegiate athletic activities;*

(ii) *the total expenditures, and the direct expenditures by sport, derived from such departments and intercollegiate activities; and*

(iii) *the total revenues and expenditures of the institution for the same period; and*

(B) *make the reports on such audits available for inspection by the Secretary and the public.*

(b) **HEARINGS.**—(1) * * *

(2) The Secretary shall, upon receipt of written notice under paragraph (1), arrange for a hearing [on the record] and notify the institution within 30 days of receipt of such notice the date, time, and place of such hearing. Such hearing shall take place not later than 120 days from the date upon which the Secretary notifies the institution.

(c) **AUDITS; FINANCIAL RESPONSIBILITY; ENFORCEMENT OF STANDARDS.**—(1) Notwithstanding any other provisions of this title, the Secretary [is authorized to] shall prescribe such regulations as may be necessary to provide for—

(A)(i) except as provided in clause (ii), a financial and compliance audit of an eligible institution, with regard to any funds obtained by it under this title or obtained from a student or a parent who has a loan insured or guaranteed by the Secretary under this title, at least once every 2 years and covering the period since the most recent audit, conducted by a qualified, independent organization or person in accordance with standards established by the Comptroller General for the audit of governmental organizations, programs, and functions, and as prescribed in regulations of the Secretary, the results of which shall be submitted to the Secretary and shall be available to relevant guaranty agencies, eligible lenders, State agencies (including State approving agencies), and the agencies referred to in section 495; or

* * * * *

(B) in matters not governed by specific program provisions, the establishment of reasonable standards of financial responsibility and appropriate institutional capability for the administration by an eligible institution of a program of student financial aid under this title and such standards of financial responsibility shall—

(i) *be based on an annual financial audit report of the institution (conducted by a qualified, independent organization or persons in accordance with standards established by the Comptroller General for the audit of governmental organizations, programs, and functions) which is submitted to the Secretary; and*

(ii) require of every institution of higher education a letter of credit or other irrevocable bond sufficient to cover all potential liabilities of such institution to students and to the Secretary for funds under this title and to cover all loan obligations discharged to students pursuant to section 437(c);

(C)(i) except as provided in clause (ii), a compliance audit of a third party servicer, with regard to any contract with an eligible institution, guaranty agency, or lender for administering or servicing any aspect of the student assistance programs under this title, at least once every year and covering the period since the most recent audit, conducted by a qualified, independent organization or person in accordance with standards established by the Comptroller General for the audit of governmental organizations, programs, and functions, and as prescribed in regulations of the Secretary, the results of which shall be submitted to the Secretary; or

(ii) with regard to third party servicer, which is audited under chapter 75 of title 31, United States Code, deeming such audit to satisfy the requirements of clause (i) for the period covered by such audit;

[(C)] (D) the establishment, by each eligible institution under part (B) responsible for furnishing to the lender the statement required by section 428(a)(2)(A)(i), of policies and procedures by which the latest known address and enrollment status of any student who has had a loan insured under this part and who has either formally terminated his enrollment, or failed to reenroll on at least a half-time basis, at such institution, shall be furnished either to the holder (or if unknown, the insurer) of the note, not later than 60 days after such termination or failure to re-enroll;

[(D)] (E) the limitation, suspension, or termination of the eligibility for any program under this title of any otherwise eligible institution, or the imposition of a civil penalty under paragraph (2)(B) whenever the Secretary has determined, after reasonable notice and opportunity for hearing [on the record], that such institution has violated or failed to carry out any provision of this title, any regulation prescribed under this title, or any applicable special arrangement, agreement, or limitation, except that no period of suspension under this section shall exceed 60 days unless the institution and the Secretary agree to an extension or unless limitation or termination proceedings are initiated by the Secretary within that period of time;

[(E)] (F) an emergency action against an institution, under which the Secretary shall, effective on the date on which the notice and statement of the basis of the action is mailed to the institution (by registered mail, return receipt requested), withhold funds from the institution or its students and withdraw the institution's authority to obligate funds under any program under this title, if the Secretary—

(i) receives information, determined by the Secretary to be reliable, that the institution is violating any provision

of this title, any regulation prescribed under this title, or any applicable special arrangement, or limitation,

(ii) determines that immediate action is necessary to prevent misuse of Federal funds, and

(iii) determines that the likelihood of loss outweighs the importance of the procedures prescribed under subparagraph (D) for limitation, suspension, or termination,

except that an emergency action shall not exceed 30 days unless limitation, suspension, or termination proceedings are initiated by the Secretary against the institution within that period of time, and except that the Secretary shall provide the institution an opportunity to show cause, if it so requests, that the emergency action is unwarranted;

[(F)] (G) the limitation, suspension, to termination of the eligibility of [an individual or an organization] *a third party servicer* to contract with any institution to administer any aspect of an institution's student assistance program under this title, or the imposition of a civil penalty under paragraph (2)(B), whenever the Secretary has determined, after reasonable notice and opportunity for a hearing [on the record], that such organization, acting on behalf of an institution, has violated or failed to carry out any provision of this title, any regulation prescribed under this title, or any applicable special arrangement, agreement, or limitation, except that no period of suspension under this subparagraph shall exceed 60 days unless the organization and the Secretary agree to an extension, or unless limitation or termination proceedings are initiated by the Secretary against the individual or organization within the period of time; and

[(G)] (H) an emergency action against [an individual or an organization] *a third party servicer* that has contracted with an institution to administer any aspect of the institution's student assistance program under this title, under which the Secretary shall, effective on the date on which a notice and statement of the basis of the action is mailed to such individual or organization (by registered mail, return receipt required), withhold funds from the individual or organization and withdraw the individual or organization's authority to act on behalf of an institution under any program under this title, if the Secretary—

(i) receives information, determined by the Secretary to be reliable, that the individual or organization, acting on behalf of an institution, is violating any provision of this title, any regulation prescribed under this title, or any applicable special arrangement, agreement, or limitation,

(ii) determines that immediate action is necessary to prevent misuse of Federal funds, and

(iii) determines that the likelihood of loss outweighs the importance of the procedures prescribed under subparagraph (F), for limitation, suspension, or termination, except that an emergency action shall not exceed 30 days unless the limitation, suspension, or termination proceedings are initiated by the Secretary against the individual or organization within that period of time, and except that the Secretary—

tary shall provide the individual or organization an opportunity to show cause, if it so requests, that the emergency action is unwarranted.

(2) If an individual who, or entity that, exercises substantial control, as determined by the Secretary in accordance with section 490A(b), over one or more institutions participating in any program under this title, or, for purposes of paragraphs (1)(G) and (H), over one or more organizations that contract with an institution to administer any aspect of the institution's student assistance program under this title, is determined to have committed one or more violations of the requirements of any program under this title, or has been suspended or debarred in accordance with the regulations of the Secretary, the Secretary may use such determination, suspension, or debarment as the basis for imposing an emergency action on, or limiting, suspending, or terminating, in a single proceeding, the participation of any or all institutions under the substantial control of that individual or entity.

[(2)] (3) (A) Upon determination, after reasonable notice and opportunity for a hearing **[on the record]**, that an eligible institution has engaged in substantial misrepresentation of the nature of its educational program, its financial charges, or the employability of its graduates, the Secretary may suspend or terminate the eligibility status for any or all programs under this title of any otherwise eligible institution, in accordance with procedures specified in paragraph (1)(D) of this subsection, until the Secretary finds that such practices have been corrected.

(B)(i) Upon determination, after reasonable notice and opportunity for a hearing **[on the record]**, that an eligible institution—

(I) has violated or failed to carry out any provision of this title or any regulation prescribed under this title; or

(II) has engaged in substantial misrepresentation of the nature of its educational program, its financial charges, and the employability of its graduates,

the Secretary may impose a civil penalty upon such institution of not to exceed \$25,000 for each violation or misrepresentation.

(ii) Any civil penalty may be compromised by the Secretary. In determining the amount of such penalty, or the amount agreed upon in compromise, the appropriateness of the penalty to the size of the institution of higher education subject to the determination, and the gravity of the violation, failure, or misrepresentation shall be considered. The amount of such penalty, when finally determined, or the amount agreed upon in compromise, may be deducted from any sums owing by the United States to the institution charged.

[(3)] (4) The Secretary shall publish a list of State agencies which the Secretary determines to be reliable authority as to the quality of public postsecondary vocational education in their respective States for the purpose of determining eligibility for all Federal student assistance programs.

(5) The Secretary is authorized to provide any information collected as a result of audits conducted under this section, together with audit information collected by guaranty agencies, to any Federal or State agency having responsibilities with respect to student finan-

cial assistance, including those referred to in subsection (u)(15) of this section.

(d) **DEFINITION OF ELIGIBLE INSTITUTION.**—For the purpose of this section, the term “eligible institution” means any such institution described in section [435(a)] 481 of this Act.

QUALITY ASSURANCE PROGRAM

SEC. 487A. (a) IN GENERAL.—The Secretary is authorized to select institutions for voluntary participation in a Quality Assurance Program that provides participating institutions with an alternative management approach through which individual schools develop and implement their own comprehensive systems to verify student financial aid application data thereby enhancing program integrity within the student aid delivery system. The Quality Assurance Program authorized by this section shall be based on criteria that include demonstrated institutional performance, as determined by the Secretary, and shall take into consideration current quality assurance goals, as determined by the Secretary.

(b) **EXEMPTION FROM REQUIREMENTS.**—The Secretary is authorized to exempt any institution participating in the Quality Assurance Program from any reporting or verification requirements in this title, and may substitute such quality assurance reporting as the Secretary deems necessary to ensure accountability and compliance with the purposes of the programs under this title.

(c) **REMOVAL FROM THE PROGRAM.**—The Secretary is authorized to determine—

(1) when an institution is unable to administer the Quality Assurance Program must be removed from the program, and

(2) when institutions desiring to cease participation in the program will be required to complete the current award year under program requirements.

(d) **EXPERIMENTAL SITES.**—(1) The Secretary is authorized to select institutions for voluntary participation as experimental sites to provide recommendations to the Secretary on the impact and effectiveness of proposed regulations or new management initiatives.

(2) The Secretary is authorized to exempt any institution participating as an experimental site from any requirements in this title or in regulations that would bias experimental results.

(e) **DEFINITIONS.**—For purposes of this section, “current award year” is defined as the award year during which the participating institution indicates its intention to cease participation.

ASSIGNMENT OF IDENTIFICATION NUMBERS

SEC. 487B. The Secretary shall assign to each participant (including institutions, lenders, and guaranty agencies) in title IV programs, a single Department of Education identification number to be used to identify its participation in each of the title IV programs.

TRANSFER OF ALLOTMENTS

SEC. 488. Up to [10] 25 percent of the allotment of an eligible institution for a fiscal year under section [413D or 442] 442 or 462 of this Act, may be transferred to, and used for the purposes of, the institution's allotment under the other section within the discre-

tion of such institution in order to offer an arrangement of types of aid, including institutional and State aid, which best fits the needs of each individual student. *Up to 25 percent of the allotment of an eligible institution for a fiscal year under section 442 of this Act, may be transferred to, and used for the purposes of, the institution's allotment under section 413D within the discretion of such institution in order to offer a package of types of aid, including institutional and State aid, that best fits the needs of each individual student. Nothing in this section authorizes an institution to use funds allocated under section 413D for any program or purpose other than the purposes of section 413A.* The Secretary shall have no control over such transfer, except as specifically authorized, except for the collection and dissemination of information.

* * * * *

ADMINISTRATIVE EXPENSES

SEC. 489. (a) AMOUNT OF PAYMENTS.—From the sums appropriated for any fiscal year for the purpose of the program authorized under subpart [1] 2 of part A, the Secretary shall reserve such sums as may be necessary to pay to each institution with which he has an agreement under section 487, an amount equal to \$5 for each student at that institution who receives assistance under subpart [1] 2 of part A. In addition, an institution which has entered into an agreement with the Secretary under subpart [2] 3 of part A or part C (other than section 447), of this title or under part E of this title shall be entitled for each fiscal year which such institution disburses funds to eligible students under any such part to a payment for the purpose set forth in subsection (b). The payment for a fiscal year shall be payable from each such allotment by payment in accordance with regulations of the Secretary and shall be equal to 5 percent of the institution's first \$2,750,000 of expenditures plus 4 percent of the institution's expenditures greater than \$2,750,000 and less than \$5,500,000, plus 3 percent of the institution's expenditures in excess of \$5,500,000 during the fiscal year from the sum of its grants to students under subpart [2] 3 of part A, its expenditures during such fiscal year under part C for compensation of students, and the principal amount of loans made during such fiscal year from its student loan fund established under part E, excluding the principal amount of any such loans which the institution has agreed to assign under section 463(a)(6)(B). [The payment for a fiscal year for the purpose of subsection (b) with respect to section 447 shall be payable from each allotment under part C in accordance with regulations of the Secretary, and shall be 10 percent of the institution's expenditures during such fiscal year under such section.] In addition, the Secretary shall provide for payment to each institution of higher education an amount equal to 100 percent of the costs incurred by the institution in implementing and operating the immigration status verification system under section 484(c).

(b) **PURPOSE OF PAYMENTS.**—(1) The sums paid to institutions under this part are for the sole purpose of offsetting the administrative costs of the programs described in subsection (a).

(2) If the institution enrolls a significant number of students who are (A) attending the institution less than full time, (B) age 24 or older, (C) single parents, or (D) independent students, the institution shall use a reasonable proportion of the funds available under this section for financial aid services during times and in places that will most effectively accommodate the needs of such students.

* * * * *

[CRIMINAL PENALTIES

[SEC. 490. (a) IN GENERAL.—Any person who knowingly and willfully embezzles, misapplies, steals, or obtains by fraud, false statement, or forgery any funds, assets, or property provided or insured under this title shall be fined not more than \$10,000 or imprisoned for not more than 5 years, or both; but if the amount so embezzled, misapplied, stolen, or obtained by fraud, false statement, or forgery does not exceed \$200, the fine shall not be more than \$1,000 and imprisonment shall not exceed one year, or both.

[(b) ASSIGNMENT OF LOANS.—Any person who knowingly and willfully makes any false statement, furnishes any false information, or conceals any material information in connection with the assignment of a loan which is made or insured under this title shall, upon conviction thereof, be fined not more than \$1,000 or imprisoned not more than one year, or both.

[(c) INDUCEMENTS TO LEND OR ASSIGN.—Any person who knowingly and willfully makes an unlawful payment to an eligible lender under part B as an inducement to make, or to acquire by assignment, a loan insured under that part shall, upon conviction thereof, be fined not more than \$1,000 or imprisoned not more than one year, or both.

[(d) OBSTRUCTION OF JUSTICE.—Any person who knowingly and willfully destroys or conceals any record relating to the provision of assistance under this title with intent to defraud the United States or to prevent the United States from enforcing any right obtained by subrogation under this part, shall upon conviction thereof, be fined not more than \$10,000 or imprisoned not more than 5 years, or both.]

CRIMINAL PENALTIES

SEC. 490. (a) IN GENERAL.—Any person who knowingly and willfully embezzles, misapplies, steals, or obtains by fraud, false statement, or forgery any funds, assets, or property provided or insured under this title, or attempts to so embezzle, misapply, steal, or obtain such funds, assets, or property, shall be fined not more than \$20,000 or imprisoned for not more than 5 years, or both; but if the amount so embezzled, misapplied, stolen, or obtained by fraud, false statement, or forgery does not exceed \$200, the fine shall not be more than \$5,000 and imprisonment shall not exceed one year, or both.

(b) ASSIGNMENT OF LOANS.—Any person who knowingly and willfully makes any false statement, furnishes any false information, or conceals any material information in connection with the assignment of a loan which is made or insured under this title, or attempts to so make any false statement, furnish any false information, or conceal any material information in connection with such

assignment shall, upon conviction thereof, be fined not more than \$10,000 or imprisoned not more than one year, or both.

(c) **INDUCEMENTS TO LEND OR ASSIGN.**—Any person who knowingly and willfully makes an unlawful payment to an eligible lender under part B, or attempts to make such unlawful payment, as an inducement to make, or to acquire by assignment, a loan insured under that part shall, upon conviction thereof, be fined not more than \$10,000 or imprisoned not more than one year, or both.

(d) **OBSTRUCTION OF JUSTICE.**—Any person who knowingly and willfully destroys or conceals any record relating to the provision of assistance under this title or attempts to so destroy or conceal, with intent to defraud the United States or to prevent the United States from enforcing any right obtained by subrogation under this part, shall upon conviction thereof, be fined not more than \$20,000 or imprisoned not more than one year, or both.

EXTENT OF LIABILITY

SEC. 490A. (a) FINANCIAL GUARANTEES; ACCURACY OF DATA.—Notwithstanding any other provision of law, the Secretary is authorized, to the extent he determines necessary, to require—

(1) financial guarantees from an institution participating, or seeking to participate, in a program under this title, or from 1 or more individuals who the Secretary determines, in accordance with subsection (b), exercise substantial control over such institution, or both, in an amount determined by the Secretary to be sufficient to satisfy the institution's potential liability to the Federal Government, student assistance recipient, and other program participants for funds under this title; and

(2) the assumption of personal liability, by 1 or more individuals who exercise substantial control over such institution, as determined by the Secretary in accordance with subsection (b), for financial losses to the Federal Government, student assistance recipients, and other program participants for funds under this title, and civil and criminal monetary penalties authorized under this title, arising from any material inaccuracy of information submitted by an institution to the Secretary.

(b) **SUBSTANTIAL CONTROL.**—(1) The Secretary may determine that an individual exercises substantial control over 1 or more institutions participating in a program under this title if the Secretary determines that—

(A) the individual directly or indirectly controls a substantial ownership interest in the institution;

(B) the individual, either alone or together with other individuals, represents, under a voting trust, power of attorney, proxy, or similar agreement, 1 or more persons who have, individually or in combination with the other persons represented or the individual representing them, a substantial ownership interest in the institution; or

(C) the individual is a member of the board of directors, the chief executive officer, or other executive officer of the institution or of an entity that holds a substantial ownership interest in the institution.

(2) The Secretary may determine that an entity exercises substantial control over 1 or more institutions participating in a program under this title if the Secretary determines that the entity directly or indirectly holds a substantial ownership interest in the institution.

(3) For purposes of this subsection, an ownership interest is defined as a share of the legal or beneficial ownership or control of, or a right to share in the proceeds of the operation of, an institution or institution's parent corporation. An ownership interest may include, but is not limited to—

(A) a sole proprietorship;

(B) an interest as a tenant-in-common, joint tenant, or tenant by the entireties;

(C) a partnership; or

(D) an interest in a trust.

(4) For purposes of section 487(c)(1)(G), this section shall also apply to individuals or organizations that contract with an institution to administer any aspect of an institution's student assistance program under this title.

ADVISORY COMMITTEE ON STUDENT FINANCIAL ASSISTANCE

SEC. 491. (a) * * *

* * * * *

[(j) SPECIAL INSTITUTIONAL LENDER STUDY.—

[(1) The Advisory Committee shall conduct a thorough study of institutional lender policy. In carrying out the study, the Advisory Committee shall examine, but not be limited to—

[(A) the relevance and current applicability of the institutional lender criteria established in section 435(d);

[(B) the appropriateness of using default rates for loans made under part E or other institutional criteria to determine institutional participation;

[(C) whether or not a portion or all of any special allowance or other payments paid to institution lenders should benefit need-based scholarship or grant programs;

[(D) whether or not institutional lenders should be required to hold loans made to eligible borrowers through graduation or termination of matriculation;

[(E) examine the extent and degree to which student access to loan capital would be adversely affected by the restrictions contained in section 435(d)(2); and

[(F) assess the potential impact on State secondary markets and lender portfolios if student borrowers at higher cost colleges and universities, who come from higher income families, concentrate their lending with a few large lenders and secondary markets.

[(2) The Advisory Committee shall consult with the Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate in carrying out the study required by this subsection.

[(3) The Advisory Committee shall, not later than 2 years after the date of enactment of the Higher Education Technical Amendments Act of 1987, prepare and submit to the Committee on Educa-

tion and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate a report of the study required by this section.】

AUTHORIZATION OF APPROPRIATIONS FOR ADMINISTRATIVE EXPENSES

SEC. 492. *There are authorized to be appropriated such sums as may be necessary for fiscal year 1992 and for each succeeding fiscal year thereafter for administrative expenses necessary for carrying out this title, including expenses for staff personnel and compliance activities.*

PERFORMANCE BASED REGULATORY RELIEF

SEC. 493. (a) *For institutions of higher education that satisfy the criteria in subsection (b), the Secretary shall—*

(1) suspend the requirement of section 428G(b)(1);

(2) consider the institution as having complied with the regulations establishing the requirements for of processing the borrower's loan proceeds, counseling borrowers, making and disbursing loans, and contact with the borrower and any related or successor regulations prescribed by the Secretary;

(3) require that the minimum sample size, for the purposes of regulations prescribed by the Secretary establishing the requirements for audits, and any related or successor regulations, and audits required by section 487(c), shall be determined on the basis of the opinion rendered by the auditing entity, without regard to any minimum sample sizes established for the purpose of such audits by the Secretary; and

(4) notwithstanding section 484(f) of the Act, not require the institution to verify the accuracy of the data used to determine the eligibility for any program under this title for more than 20 percent of the applicants in any award year.

(b) PERFORMANCE CRITERIA.—*In order to be eligible for the provisions in subsection (a), the institution shall—*

(1) have participated in programs under this title for 5 consecutive years;

(2)(A) have not been required to refund moneys to the Secretary because of audits performed under section 487(c)(1)(A), in the two most recent audits; or

(B) if required to refund moneys to the Secretary because of audits performed under section 487(c)(1)(A), the refunds may be no more than 2 percent of amount that the institution received under this title for that year;

(3) currently not be, and within the last 7 years not have been, subject to any emergency action, any limitation, suspension, or termination imposed by the institution or by any guaranty agency;

(4) have used 97 percent of the funds received under subpart 3 of part A, part C, and part E in the 3 most recent fiscal years;

(5) for loans under part E, have a cumulative default rate, as defined in section 462(h), of not greater than 7.5 percent for loans made under part E, for the most recent fiscal year;

(6) have a cohort default rate, as defined in section 435(m), of not greater than 10 percent for the most recent fiscal year; and

(7) have submitted the application to determine an institution's allocation of reallocation of funds under subpart 3 of part A and parts C and E of this title (34 CFR 674.3, 34 CFR 675.3 and 34 CFR 676.3 and any related or successor regulations), the fiscal operation report required of institutions participating in the programs established by subpart 3 of part A and parts C and E of this title (34 CFR 674.19(d)(3), 34 CFR 675.19(b)(3), 34 CFR 676.(b)(5) and any related or successor regulations), and audits (34 CFR 668.23(c) and (d)) and any related or successor regulations on or before the date on which they were due, unless the Secretary waives this requirement due to unusual circumstances.

REGIONAL MEETINGS AND NEGOTIATED RULEMAKING

SEC. 493A. (a) IN GENERAL.—The Secretary shall convene regional meetings to obtain public involvement in the development of proposed regulations under this part. Such meetings shall include individuals and representatives of groups involved in student financial assistance programs, such as students, institutions of higher education, guaranty agencies, lenders, secondary markets, third party servicers, guaranty agency servicers, and collection agencies.

(2) During each meeting described in paragraph (1), the Secretary shall provide for a comprehensive discussion and exchange of information on a limited number of key issues selected by the Secretary concerning implementation of this title. The Secretary shall take into account information received at such meetings in the development of proposed regulations and shall publish a summary of such information in the Federal Register together with such proposed regulations.

(b) **DRAFT REGULATIONS.**—After holding regional meetings and before publishing proposed regulations in the Federal Register, the Secretary shall prepare draft regulations implementing changes to this part pursuant to this Act and submit regulations on a limited number of key issues to a negotiated rulemaking process. The Secretary shall follow the guidance provided in the Administrative Conference of the United States in Recommendation 82-4 and 85-5, "Procedures for Negotiating Proposed Regulations" (1 CFR 305-82-4 and 85-5) and any successor recommendation, regulation, or law. Participants in the negotiation process shall be chosen by the Secretary from individuals nominated by groups participating in the regional meetings, representing the groups described in subsection (a)(1) and shall include both Washington representatives of such groups as well as industry participants. To the extent possible, the Secretary shall select individuals reflecting the diversity in the industry, representing both large and small participants, as well as those serving local areas and national markets. The negotiation process shall be conducted in a timely manner in order that the final regulations may be issued by the Secretary within the 240-day period required by section 431(g) of the General Education Provisions Act.

(c) **APPLICABILITY OF FEDERAL ADVISORY COMMITTEE ACT.**—The Federal Advisory Committee Act shall not apply to activities carried out under this section.

PART H—PROGRAM INTEGRITY

SEC. 494. STATE POSTSECONDARY APPROVING AGENCY PROGRAM.

(A) **PURPOSE.**—It is the purpose of this section to authorize the Secretary to enter into agreements that—

(1) designate one State postsecondary approving agency in each State to be responsible for the conduct or coordination of the review and approval of institutions of higher education for the purposes of determining eligibility under this title; and

(2) provide Federal funds to each State postsecondary approving agency for performing the functions required by such agreements with the Secretary.

(b) **PROGRAM AUTHORITY.**—The Secretary shall, in accordance with the provisions of this part, enter into agreements with each of the States, to carry out the purposes of this part. If any State declines to enter into an agreement with the Secretary for the purposes of this part, the provisions of this part which refer to the State, with respect to such State, shall refer to the Secretary, who may make appropriate arrangements with agencies or organizations of demonstrated competence in reviewing institutions of higher education.

(c) **FAILURE TO COMPLY WITH AGREEMENT.**—If a State fails to enter into an agreement under this section or fails to meet the requirements of its agreement with the Secretary under this part—

(1) the Secretary—

(A) may not certify for participation in any program under this title any new institution (including branch campuses) or any institution that has changed ownership, pursuant to section 481(h); and

(B) may grant only provisional certification for all institutions in the State pursuant to section 481(f); and

(2) the State will be ineligible to receive funds under section 496 of this part, subpart 4 of part A of this title, and chapter 2 of part 1 of this title.

SEC. 495. STATE POSTSECONDARY APPROVING AGENCY AGREEMENTS.

(A) **STATE ORGANIZATION STRUCTURES.**—(1) Each agreement shall describe a State organizational structure that identifies the State agency or instrumentality responsible for review and approval of each institution of higher education in the State for participation in student assistance programs under this title. Each such agency's or instrumentality's action in reviewing and approving such institutions shall for purposes of this part, be considered to be the action of the State postsecondary approving agency.

(2) For the purposes of this part, the designation of a State postsecondary approving agency for the purpose of entering into an agreement with the Secretary shall be in accordance with the State law of each individual State with respect to the authority to make legal agreements between the State and the Federal Government.

(3) Except as provided in paragraph (5), nothing in this part shall be construed to authorize the Secretary to require any State to adopt, as a condition for entering into an agreement, a specific State organizational structure.

(4) Except as provided in paragraph (5), nothing in this part shall be construed—

(A) as a limitation on the authority of any State to adopt a State organization structure for postsecondary education agencies, or programs, or institutions of higher education as appropriate to the needs, traditions, and circumstances of that State;

(B) as a limitation on the authority of a State entering into an agreement pursuant to this part to modify the State organizational structure at any time subsequent to entering into such agreement;

(C) as a limitation on the authority of any State to enter into an agreement as a member of a consortium of States;

(D) as an authorization for the Secretary to withhold funds from any State or postsecondary institution on the basis of compliance with a State's constitution or laws; or

(E) as an authorization for any State postsecondary approving agency to exercise planning, policy, coordinating, supervisory, budgeting, or administrative powers over any postsecondary institution.

(5) Notwithstanding the provisions of paragraphs (2), (3), and (4) of this subsection, the Secretary may require each State to develop an organizational structure, that designates a State agency or instrumentality as having responsibility for the review and approval of each institution of higher education in that State as part of the agreement pursuant to this part.

(b) **CONTENTS OF AGREEMENTS.**—Agreements between each State and the Secretary shall contain the following elements:

(1) A designation of a single State postsecondary approving agency, which represents all entities of that State which are responsible for—

(A) granting State authorization to each institution of higher education in that State for the purposes of this title, and

(B) ensuring that each institution of higher education in that State remains in compliance with the standard developed pursuant to section 497.

(2) assurances that the State will review and approve or disapprove institutions of higher education for the purpose of determining eligibility under this title on a schedule to coincide with the dates set by the Secretary to certify or recertify such institutions of higher education as provided in section 481(e).

(3) Assurances that the State postsecondary approving agency will administer the program authorized by this part and will keep such records and provide such information to the Secretary as may be requested for fiscal audit and program evaluation, consistent with the responsibilities of the Secretary.

(4) A description of the relationship between the State postsecondary approving agency designated for the purposes of this part and (A) the agency or agencies designated for the purposes of chapter 36 of title 38 of the United States Code, (B) the State loan insurance program established under section 428(b) of this title, and (C) the State grant agency established under section 415C of this title.

(5) A plan for performing the functions described in section 497 of this part.

(c) **FEDERAL RESPONSIBILITY.**—Notwithstanding any other provision of law, no State shall be required to fulfill the obligations of an agreement with the Secretary under this part unless the Secretary reimburses that State for the Federal costs, specified in section 496 of this part, for performing the State postsecondary approving agency functions required by such agreement and the Secretary shall not enter into agreements under this part unless the Congress appropriates the funds to pay those Federal costs.

SEC. 496. FEDERAL REIMBURSEMENT OF STATE POSTSECONDARY APPROVING AGENCY COSTS.

(a) **PAYMENTS.**—Subject to subsection (b), the Secretary shall reimburse the States for the costs of performing State postsecondary approving agency functions required by agreements with the Secretary authorized under this part. Such costs shall include expenses for providing initial and continuing training to its own personnel and other personnel in its State, including, but not limited to, personnel at institutions of higher education subject to approval, to serve the purposes of this part. The Secretary shall also reimburse such agencies for work performed by their subcontractors and consultants where such work has a direct relationship to the requirements of agreements with the Secretary.

(b) **LIMITATION ON PAYMENTS.**—Notwithstanding subsection (a), no State shall receive for any fiscal year an amount that exceeds an amount that bears the same ratio to the amount appropriated under subsection (c) for such fiscal year as the total amount received under this title by students attending institutions of higher education in that State for such fiscal year bears to the total amount received under this title by all students for such fiscal year, based on the most recent year for which such data are available.

(c) **AUTHORIZATION OF APPROPRIATIONS.**—For the purpose of enabling the Secretary to make payments to States which have made agreements with the Secretary under this part, there is authorized to be appropriated for fiscal year 1993 and succeeding fiscal years an amount not to exceed one percent of the amount appropriated for such fiscal year for student financial assistance programs under this title.

SEC. 497. FUNCTIONS OF STATE APPROVING AGENCIES.

(a) **STATE REVIEW.**—The State postsecondary approving agency shall review all institutions of higher education in the State which are eligible or which desire to become eligible under this title according to the criteria provided in subsection (b). Institutions of higher education which do not meet any of the criteria provided in subsection (b) shall be approved for eligibility under this title by the State postsecondary approving agency without further review by the agency. Institutions of higher education which meet one or more of the criteria provided in subsection (b) shall be reviewed pursuant to the standards provided in subsection (d).

(b) **STATE CRITERIA.**—The criteria for the initial review of institutions of higher education are:

(1) a cohort default rate as defined in section 435(m) equal to or greater than 25 percent;

(2) a cohort default rate as defined in section 435(m) equal to or greater than 20 percent and either—

(A) more than two-thirds of its total undergraduates enrolled on a half-time or more basis receive assistance under this title (except subparts 4 and 6 of part A), or

(B) two-thirds or more of the institution's education and general expenditures are derived from funds provided to students enrolled at the institution from the programs established by this title (except subparts 4 and 6 of part A and section 428B);

(3) a limitation, suspension, or termination action by the Secretary against the institution pursuant to sections 487(c)(1) (D) or (E) or section 487(c)(2)(A) during the preceding 5 years;

(4) an audit finding during the 2 most recent audits of the institution's conduct of the programs established by this title that resulted in the repayment by the institution of amounts greater than 2 percent of the funds the institution received from the programs established by this title for the year;

(5) a citation of the institution by the Secretary for failure to submit audits required by this title in a timely fashion;

(6) a year-to-year fluctuation of more than 25 percent in the amounts received by students in either Pell Grants or Stafford Loans under sections 428 and 428A, which are not accounted for by changes in these programs;

(7) a change of ownership of the institution that results in a change of control which includes (but is not limited to)—

(A) the sale of the institution or the majority of its assets;

(B) the transfer of the controlling interest of stock of the institution or its parent corporation;

(C) the merger of 2 or more eligible institutions;

(D) the division of 1 or more institutions into 2 or more institutions;

(E) the transfer of the controlling interest of stock of the institution to its parent corporation; or

(F) the transfer of the liabilities of the institution to its parent corporation;

(8) lack of participation in 1 or more of the programs established by this title for more than 5 years;

(9) a significant number of student complaints related to the management or conduct of the programs established by this title; and

(10) such other criteria as the Secretary establishes by regulation.

(c) **USE OF RECENT DATA.**—The criteria provided for in subsection (b) shall be measured solely on the basis of the most recent available data provided by the Secretary. Institutions may request verification of the data provided by the Secretary.

(d) **STATE STANDARDS.**—Institutions which meet one or more of the criteria in subsection (b) shall meet published State standards, consistent with the constitution and laws of the State, developed in consultation with the institutions in the State, subject to disapproval by the Secretary, for—

(1) the quality and content of the institution's courses or programs of instruction, training, or study in relation to achieving

the stated objectives for which the courses or programs are offered;

(2) the adequacy of the space, equipment, instructional material, instructional personnel, and student support service, including student orientation, counseling, and advisement, for providing education or training that meets the stated objectives for which the courses or programs are offered;

(3) the availability to students and prospective students of catalogues, admissions requirements, course outlines, schedules of tuition and fees and the rules and regulations of the institution relating to students and their accuracy in reflecting the courses and programs offered by the institution;

(4) the existence of a method to assess a student's ability to succeed in the course of study for which he or she has applied;

(5) the enforcement of standards relating to attendance and academic progress and the maintenance of adequate student records for the purpose of enforcing such standards;

(6) compliance by the institution which applicable laws and regulations relating to insuring the safety and health of all persons on the premises of the institution;

(7) the financial and administrative capacity of the institution at a specified scale of operations and the maintenance of adequate financial and other information necessary to determine the financial and administrative capacity of the institution;

(8) for institutions financially at risk, the adequacy of provisions to provide for the instruction of students and to provide for the retention and accessibility of academic and financial aid records of students in the event the institution closes; and

(9) if the stated objectives of the courses or programs of the institution are to prepare students for employment, the relationship of the tuition and fees to the remuneration that can be reasonably expected by students who complete the course or program and the relationship of the courses or programs to providing useful employment in recognized occupations in the State.

(e) **SUBSTITUTIONS PROHIBITED.**—The State postsecondary approving agency may not substitute either (1) accreditation by a private accrediting agency or body, or (2) compliance audits performed by a State guaranty agency established under section 428(b) of this title, for State approval of compliance with standards in subsection (d).

(f) **STATE CONTRACTS.**—If the State postsecondary approving agency contracts with a private agency or body for assistance in performing State approving agency functions, such contract shall be provided for in an agreement with the Secretary.

(g) **PROHIBITION ON UNRELATED REQUIREMENTS.**—Notwithstanding any of the provisions of this part, the Secretary shall not require a State to establish standards that are unrelated to ensuring institutional or program integrity or that violate the provisions of a State's constitution or laws.

(h) **DIFFERENTIAL STANDARDS FOR APPROVAL.**—A State postsecondary approving agency may establish different standards of approval and frequency of review for different classes of institutions of higher education, as defined by its relevant State laws and regulations. However, a State postsecondary approving agency shall have a

published standard of approval for each subparagraph of subsection (d) for each such class of institutions of higher education, unless the agreement with the Secretary under this part specifically exempts such classes of institutions as defined by the State.

(i) **DISAPPROVAL AUTHORITY.**—A State postsecondary approving agency may determine that an institution of higher education should be disapproved based on its own findings or the findings of a Federal entity in accordance with the following procedures:

(1) **STATE POSTSECONDARY APPROVING AGENCY FINDINGS.**—If a State postsecondary approving agency finds that an institution of higher education is not in compliance with this section, such State postsecondary approving agency shall notify the Secretary of its findings and the actions that such agency is taking, or has taken, in response to such findings within a time period prescribed by the Secretary by regulations. If a State postsecondary approving agency disapproves an institution of higher education, such State postsecondary approving agency shall notify the Secretary. The Secretary shall terminate such institution's participation in programs under this title.

(2) **SECRETARY'S FINDINGS.**—If the Secretary or other Federal entity takes, or plans to take, any action against any institution of higher education (including any actions taken under section 487), the Secretary shall notify the State postsecondary approving agency (or agencies, in the case of multi-State institutions) of such action within a time period prescribed in the Secretary's regulations and the State (or States) may disapprove such institutions for the purposes of this part.

(3) **PROCEDURAL PROTECTIONS FOR DISAPPROVAL.**—The Secretary shall, by regulation, prescribe minimum procedural standards for the disapproval of institutions of higher education by State postsecondary approving agencies for purposes of this title.

(j) **LIMIT ON STATE POSTSECONDARY APPROVING AGENCY FUNCTIONS.**—The functions of State postsecondary approving agency shall not include performing financial and compliance audits as may be required under sections 428 or 487 of this Act.

(k) **CONSUMER COMPLAINTS.**—A State postsecondary approving agency shall establish procedures for receiving and responding to consumer complaints about approved institutions of higher education and shall keep records of such complaints in order to determine their frequency and nature for specific institutions of higher education. The State shall make such records publicly available.

(l) **ENFORCEMENT MECHANISMS.**—Nothing in this part shall restrict the authority of the States to establish mechanisms to enforce the standards established under subsection (d) or require the States to establish specific mechanisms recommended by the Secretary. The plan required in section 495(b) may include, but not be limited to, such mechanisms as—

(1) assessing fees to finance States oversight and protect against tuition liabilities;

(2) conducting on-site investigations;

(3) pressing civil or criminal charges against institutions of higher education or school owners or directors or imposing civil fines;

- (4) *imposing preenrollment academic standards for students; and*
 (5) *establishing disclosure and reporting requirements on institutions of higher education, school owners, and directors.*

[TITLE V—EDUCATOR RECRUITMENT, RETENTION, AND DEVELOPMENT

[STATEMENT OF PURPOSE; APPLICABILITY

[SEC. 501. It is the purpose of this title—

[(1) to encourage the establishment and maintenance of programs that provide teacher training to individuals who are moving to careers in education from other occupations;

[(2) to promote university partnerships with local education agencies serving at-risk students, providing stronger linkages between teachers and such students, and with local labor, business, and professional associations;

[(3) to provide assistance to our Nation's teaching force for the continued improvement of their professional skills and expansion of their subject matter expertise, including pre-school and early childhood education specialists;

[(4) to improve the leadership and administrative skills of elementary and secondary school administrators;

[(5) to encourage academically qualified students to become teachers through scholarship assistance; and

[(6) to encourage States to assess their need for teachers and to plan for meeting current and projected teacher shortages.

[AUTHORIZATION OF APPROPRIATIONS

[SEC. 502. (a) MID-CAREER TEACHER TRAINING PROGRAMS.—For part A, there are authorized to be appropriated \$3,500,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

[(b) SCHOOL, COLLEGE, AND UNIVERSITY PARTNERSHIPS.—For part B, there are authorized to be appropriated \$15,000,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

[(c) PROFESSIONAL DEVELOPMENT AND LEADERSHIP PROGRAMS.—(1) For subpart 1 of part C, there are authorized to be appropriated \$15,000,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

[(2) For subpart 2 of part C, there are authorized to be appropriated \$10,000,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

[(d) TEACHER SCHOLARSHIPS AND FELLOWSHIPS.—(1) For subpart 1 of part D, there are authorized to be appropriated \$13,500,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

[(2) For subpart 2 of part D, there are authorized to be appropriated \$2,000,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

[(e) TASK FORCES ON TEACHER EDUCATION.]—For part E, there are authorized to be appropriated \$1,000,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

[PART A—MIDCAREER TEACHER TRAINING FOR NONTRADITIONAL STUDENTS]

[STATEMENT OF PURPOSE]

[SEC. 511.] It is the purpose of this part to encourage institutions of higher education with schools or departments of education to establish and maintain programs that will provide teacher training to individuals who are moving to a career in education from another occupation.

[SELECTION PROCEDURES]

[SEC. 512.] From the funds available for this part, the Secretary shall make grants to institutions of higher education on the basis of the competitive selection among qualifying applications. Institutions selected as recipients shall be awarded (1) an initial planning grant for use during the first 2 fiscal years after selection, and (2) for institutions demonstrating successful performance with the planning grant, a renewal grant for use during not more than 2 additional years.

[APPLICATIONS]

[SEC. 513. (a) CONTENTS OF APPLICATIONS.]—Applications for grants under this part shall demonstrate that—

[(1)] the applicant will establish and maintain a program of midcareer teacher retraining designed to prepare individuals for teacher certification requirements who already have a baccalaureate or advanced degree and job experience in education related fields of study, including pre-school and early childhood education;

[(2)] the applicant has designed a program which includes at least the following elements:

[(A)] a screening mechanism to assure that individuals who are admitted to the program possess the current subject matter knowledge and the characteristics that would make them likely to succeed as classroom teachers;

[(B)] a clear set of program goals and expectations which are communicated to participants; and

[(C)] a curriculum that, when successfully completed, will provide participants with the skills and credentials needed to teach in specific subject areas, as well as a realistic perspective on the educational process;

[(3)] the program has been developed with the cooperation and assistance of the local business community;

[(4)] the program will be operated under a cooperative agreement between the institution and one or more State or local educational agencies; and

[(5)] the program will be designed and operated with the active participation of qualified classroom teachers, including

early childhood education specialists, and will include an in-service training component and follow-up assistance.

[(b) REVIEW OF APPLICATIONS.]—Applications for grants under this part shall be reviewed by a panel of experts in teacher training designated by the Secretary. The Secretary shall, to the extent of available funds, select at least one applicant from each of the 10 regions served by the Department and assure that programs offered reflect all significant areas of national need in which shortages exist.

[AMOUNT OF GRANTS]

[SEC. 514.] The initial planning grant to an institution of higher education under this part shall not exceed \$100,000 for the 2 years for which it is available. The renewal grant to an institution under this part shall not exceed \$50,000 for each of the 2 years for which it is available.

[REPORTS AND INFORMATION]

[SEC. 515.] Each institution of higher education that receives a grant under this part shall submit to the Secretary such reports and other information on the program it conducts under this part as the Secretary deems necessary. The Secretary shall disseminate such information to other institutions of higher education for the purpose of promoting greater use of midcareer teacher training programs without direct Federal financial assistance.

[PART B—SCHOOL, COLLEGE, AND UNIVERSITY PARTNERSHIPS]

[PURPOSE]

[SEC. 521.] It is the purpose of this part to encourage partnerships between institutions of higher education and secondary schools serving low-income students, to support programs that improve the academic skills of public and private nonprofit secondary school students, increase their opportunity to continue a program of education after secondary school and improve their prospects for employment after secondary school.

[PARTNERSHIP AGREEMENT]

[SEC. 522. (a) PARTNERSHIP AGREEMENT.]—To be eligible for a grant under this part, an institution of higher education and a local education agency must enter into a written partnership agreement. A partnership may include businesses, labor organizations, professional associations, community-based organizations, or other private or public agencies or associations. All partners shall sign the agreement.

[(b) CONTENTS OF AGREEMENT.]—The agreement shall include—

- [(1)]** a listing of all participants in the partnerships;
- [(2)]** a description of the responsibilities of each participant in the partnership; and
- [(3)]** a listing of the resources to be contributed by each participant in the partnership.

[GRANTS]

[SEC. 523. (a) DIVISION BETWEEN SCHOOL-YEAR AND SUMMER PROGRAMS.—From the funds appropriated for this part pursuant to section 502(b), the Secretary shall reserve 65 percent to carry out programs operating during the regular school year and 35 percent to carry out programs operating during the summer.

[(b) AMOUNT AND USE OF GRANTS.—From such funds, the Secretary shall make grants of no less than \$250,000 and no more than \$1,000,000. The grants may be used by the partnership for programs that—

[(1) use college students to tutor secondary school students and improve their basic academic skills;

[(2) are designed to improve the basic academic skills of secondary school students;

[(3) are designed to increase the understanding of specific subjects of secondary school students;

[(4) are designed to improve the opportunity to continue a program of education after graduation for secondary school students; and

[(5) are designed to increase the prospects for employment after graduation of secondary school students.

[(c) PREFERENCES.—In making grants under this part, the Secretary shall give a preference to—

[(1) programs which will serve predominantly low-income communities;

[(2) partnerships which will run programs during the regular school year and the summer; and

[(3) programs which will serve educationally disadvantaged students; potential dropouts; pregnant, adolescent, and teen parents; or children of migratory agricultural workers or of migratory fishermen.

[APPLICATION FOR GRANTS]

[SEC. 524. (a) APPLICATION REQUIRED.—A partnership desiring to receive a grant under this part shall submit an application to the Secretary.

[(b) CONTENTS OF APPLICATION.—The application shall include—

[(1) the written and signed partnership agreement;

[(2) a listing of the public and private nonprofit secondary school or schools to be involved in the program;

[(3) a description of the programs to be developed and operated by the partnership;

[(4) assurances to the Secretary that—

[(A) the partnership will establish a governing body including one representative of each participant in the partnership;

[(B) Federal funds will provide no more than 70 percent of the cost of the project in the first year, 60 percent of such costs in the second year, and 50 percent of such costs in the third year and any subsequent year;

[(C) a local educational agency receiving funds under this subpart shall not reduce its combined fiscal effort per student or its aggregate expenditure on education; and

[(D) a local educational agency receiving funds under this part shall use the Federal funds so as to supplement and, to the extent practical, increase the resources that would, in the absence of such Federal funds, be made available from non-Federal sources for the education of students participating in the project, and in no case may funds be used to supplement such non-Federal funds; and

[(5) provide such information and meet such conditions as may be required by the Secretary.

[COMMUNITY COLLEGE PILOT PROJECT]

[SEC. 525. (a) PROGRAM AUTHORIZED.—In addition to the grants awarded under section 523, the Secretary is authorized to award 4 grants for pilot community college partnership projects under this section.

[(b) PARTNERSHIP AGREEMENTS.—To be eligible for a grant under this section, a community college shall enter into a partnership agreement in accordance with section 522 with a local educational agency and at least one local business or industry.

[(c) AMOUNT AND USE OF GRANTS.—Grants under this section shall be no less than \$250,000. The grants may be used by the partnership for programs that—

[(1) use college students to tutor secondary school students and improve their basic academic skills;

[(2) are designed to improve the basic academic skills of secondary school students;

[(3) are designed to increase the understanding of specific subjects of secondary school students;

[(4) are designed to improve the opportunity to continue a program of education after graduation for secondary school students; and

[(5) are designed to increase the prospects for employment after graduation of secondary school students.

[(d) APPLICATION.—To receive a grant under this section, a community college shall submit an application in accordance with section 524(b).

[(e) AWARD OF GRANTS.—In making awards under this section, the Secretary shall give preference to applications indicating that the business industry partner is engaged in technological or aerospace activities.

[(f) ELIGIBLE INSTITUTIONS.—The institutions which may be awarded grants under this section are—

[(1) the Wayne County Community College of Wayne County, Michigan;

[(2) the Community College of Vermont;

[(3) the Compton Community College of Compton, California; and

[(4) the Metropolitan Community College of Kansas City, Missouri.

[(g) REPORTS AND INFORMATION.—Each community college that receives a grant under this subpart for establishing pilot projects shall submit to the Secretary such reports and other information as is requested in order to evaluate program effectiveness and to

disseminate information on exemplary programs to other community colleges, area vocational-technical schools, and other institutions of higher education, for the purposes of promoting greater use of university-secondary school partnerships with direct Federal financial assistance.

[PART C—PROFESSIONAL DEVELOPMENT AND LEADERSHIP PROGRAMS

[SUBPART 1—PROFESSIONAL DEVELOPMENT RESOURCE CENTERS

[PROGRAM AUTHORITY AND PURPOSE

[SEC. 531. (a) AUTHORITY.—(1) The Secretary is authorized to make grants under this subpart to pay the Federal share of programs to assist teachers from public and private nonprofit schools in the continuous improvement of their professional skills and the expansion and updating of their subject matter expertise by establishing professional development resource centers for teachers.

[(2) The Federal share for each fiscal year shall be 50 percent.

[(b) PURPOSE.—It is the purpose of this subpart to assist in the establishment of professional development resource centers that will—

[(1) help teachers make effective use of educational tools including understanding new technologies and their application;

[(2) enhance teachers' subject matter expertise;

[(3) help teachers learn new classroom management techniques;

[(4) help teachers learn and apply the latest research on learning and teaching, including pre-school and early childhood education and development; and

[(5) help teachers to apply creative approaches toward achieving instructional goals, including making the best use of available community resources.

[GEOGRAPHICAL DISTRIBUTION OF GRANTS

[SEC. 532. In making grants under this subpart, the Secretary shall ensure that eligible applicants within each State receive sufficient funds to plan, establish, or operate at least one professional development resource center within the State in each fiscal year.

[GRANT REQUIREMENTS

[SEC. 533. (a) ELIGIBLE APPLICANTS.—The Secretary is authorized to make grants to local educational agencies or consortia of local educational agencies, in accordance with the provisions of this section, to assist such agencies in planning, establishing, and operating professional development resource centers.

[(b) DEFINITION OF CENTER.—For the purpose of this part, the term "professional development resource centers" means any year-round program operated by a local educational agency, a combination of such agencies, or an educational service agency which serves teachers from public and private nonprofit schools, including pre-school and early childhood educational specialists, in a State or from an area or community within a State. Through the centers, teachers, with the assistance of such consultants and experts as may be necessary, including expertise available at institutions of

higher education, shall conduct activities to advance the goal of professional excellence and to improve teaching skills for the teachers they serve.

[(c) USE OF FUNDS.—Grants under this subpart may be used for—

[(1) developing and disseminating curricula designed to meet the educational needs of students in pre-school and kindergarten through grade 12, in the community, area, or State being served, including the use of educational research findings or new or improved methods, practices, and techniques in the development of such curricula, and including the use of technology and telecommunications;

[(2) providing training to enable teachers to better meet the educational needs of students, including pre-school students, and to familiarize teachers with developments in curriculum, testing, and educational research including the manner in which the research can be used to improve classroom instruction;

[(3) providing for dissemination of information to those served by the center and to other professional development resource centers nationally about the activities and services of the centers;

[(4) bringing together teachers and materials from various school sites to serve as resources for teachers using the center;

[(5) encouraging collaborative activities between pre-school, elementary and secondary school teachers and faculty institutions of higher education;

[(6) encouraging the application of institutional and community resources to the goal of improving the quality of classroom instruction; and

[(7) providing professional development opportunities for teachers of special population groups (pre-school, handicapped children, limited English proficient children, educationally and economically disadvantaged children) in rural settings.

[PROFESSIONAL DEVELOPMENT POLICY BOARD]

[SEC. 534. Each professional development resource center shall be planned and operated under the supervision of a professional development policy board, the majority of which shall be representatives or designees of the public and private nonprofit, pre-school, elementary and secondary classroom teachers to be served by such center. Such board shall also include individuals representative of, or designated by, school administrators, the school board (or boards) of the local educational agency (or agencies) served by such center, local business, and at least one representative designated by institutions of higher education, when such institutions are located within reasonable proximity of the center, including (but not limited to) institutions that have departments, schools, or colleges of education.

[SUBMISSION AND APPROVAL OF APPLICATIONS]

[SEC. 535. (a) SUBMISSION.—(1) Any local educational agency or any consortium of local educational agencies including educational

service agencies, desiring to receive a grant under this subpart shall make application therefor at such time, in such manner, and containing or accompanied by such information, as the Secretary may by regulation require. Each application shall be submitted through the State educational agency of the State in which the applicant is located. Each such State agency shall review the application, make comments thereon, and recommend each application the State agency finds should be approved. The recommendations of the State education agency shall be taken into consideration by the Secretary in awarding grants under this part.

[(2) Each State education agency, in reviewing local educational agency applications for a grant under this subpart, shall seek to assure an equitable within-State geographical distribution of center grant funds so that both large urban and small rural school districts are served.

[(b) MINIMUM REQUIREMENTS.—A grant under this subpart may be made only if the application provides—

[(1) satisfactory assurances that the program designed for the professional development resource center is based on a thorough assessment of instructional and professional development needs identified by the teachers to be served, including early childhood educational specialists, and establishes goals for the center derived from such assessment;

[(2) satisfactory assurances that the program the center plans to provide will meet the needs of the teachers served, including assurances that center activities will lead to in-depth and incremental knowledge and skill development;

[(3) a description of the activities planned to meet the center's goals;

[(4) procedures for the conduct of a yearly evaluation of center activities;

[(5) satisfactory assurances that the center will employ a full-time center director who has had classroom teaching experience and other staff as may be necessary;

[(6) satisfactory assurances that the applicant will pay the non-Federal share of the cost of the program for which assistance is sought and that 50 percent of such non-Federal share shall be paid by the State educational agency and 50 percent of the non-Federal share shall be from local resources, including institutions of higher education and other public and private non-Federal sources; and

[(7) satisfactory assurances that the facilities of the center will not be used for the purpose of influencing the result of an election to an office in Federal, State, or local government or for the purpose of supporting or opposing any campaign for such office.

[(c) SELECTION PROCEDURES.—(1) In approving any application under this subpart, the Secretary shall take into account the resources which the applicant will provide in addition to Federal funds provided under this or any other Federal program.

[(2) In approving applications under this subpart, the Secretary shall substantially involve teachers, including early childhood educational specialists, in reviewing and recommending programs for funding.

[(d) SUBCONTRACTING.]—Any local educational agency having an application approved under this subpart may contract with an institution of higher education to carry out activities under, or provide technical assistance in connection with, such application.

[(e) RESERVATION FOR DIRECT EXPENDITURES.]—Notwithstanding the provisions of subsection (a)(1) of this section with respect to the requirement that professional development resource centers be operated by local educational agencies, 10 percent of the funds expended under this subpart may be expended directly by the Secretary to make grants to institutions of higher education to operate professional development resource centers subject to the other provisions of this subpart.

[SUBPART 2—LEADERSHIP IN EDUCATIONAL ADMINISTRATION DEVELOPMENT]

[PURPOSE; INTENTION; REGULATIONS]

[SEC. 541. (a) PURPOSE.]—It is the purpose of this subpart to improve the level of student achievement in public and private non-profit elementary and secondary schools through the enhancement of the leadership skills of school administrators by establishing technical assistance centers for each State to promote the development of the leadership skills of public and private non-profit elementary and secondary school administrators with particular emphasis upon increasing access for minorities and women to administrative positions.

[(b) INTENTION.]—It is the intention of Congress that grantees seeking to establish technical assistance and training centers should design programs which upgrade the skills of elementary and secondary school administrators in—

[(1) enhancing the schoolwide learning environment by assessing the school climate, setting clear goals for improvement, and devising strategies for completing manageable projects with measurable objectives;

[(2) evaluating the school curriculum in order to assess its effectiveness in meeting academic goals;

[(3) developing skills in instructional analysis to improve the quality of teaching through classroom observation and supervision;

[(4) mastering and implementing objective techniques for evaluating teacher performance;

[(5) improving communication, problemsolving, student discipline, time-management, and budgetary skills; and

[(6) developing skills and techniques for administering drug prevention and education programs.

[(c) REGULATIONS.]—The Secretary is authorized to prescribe such regulations as may be necessary to carry out this subpart.

[ALLOCATION OF APPROPRIATIONS]

[SEC. 542.] Of the amount appropriated for this subpart for fiscal year 1987 or any succeeding fiscal year, the Secretary shall make available an amount as may be necessary for establishing and oper-

ating a technical assistance center in each State, but not less than \$150,000 for each State.

[TECHNICAL ASSISTANCE CENTERS

[SEC. 543. (a) ELIGIBLE GRANTS RECIPIENTS.—The Secretary shall, subject to the availability of funds pursuant to section 542, award grants to local educational agencies, intermediate school districts, State educational agencies, institutions of higher education, private management organizations, or nonprofit organizations (or consortium of such entities) for the establishment and operation of training centers in each State in accordance with the requirements of this section and section 544.

[(b) GRANT REQUIREMENTS.—Each grant awarded under subsection (a) shall require the grantee—

[(1) to make the services of the technical assistance center available to school administrators from any of the public and private nonprofit schools within the State served by that grantee;

[(2) to collect information on school leadership skills;

[(3) to assess the leadership skills of individual participants based on established effective leadership criteria;

[(4) to conduct training programs on leadership skills for new school administrators and to conduct training seminars on leadership skills for practicing school administrators, with particular emphasis on women and minority administrators;

[(5) to operate consulting programs to provide personnel within school districts with advice and guidance on leadership skills

[(6) to maintain training curricula and materials on leadership skills drawing on expertise in business, academia, civilian and military governmental agencies, and existing effective schools;

[(7) to conduct programs which—

[(A) make available executives from business, scholars from various institutions of higher education, and practicing school administrators; and

[(B) offer internships in business, industry, and effective school districts to school administrators, for the purpose of promoting improved leadership skills of such administrators;

[(8) to disseminate information on leadership skills associated with effective schools; and

[(9) to establish model administrator projects.

[(c) SELECTION OF GRANTEEES.—In making a selection among applicants for any grant under this section, the Secretary shall take into account whether the applicant, if selected, would be able to operate its programs in a manner which would emphasize development of leadership skills identified by graduate schools of management and graduate schools of education.

[GENERAL CRITERIA FOR GRANTS

[SEC. 544. (a) GRANT REQUIREMENTS.—The following criteria shall apply to each grant under this subpart:

[(1) The grant shall assure the involvement of private sector managers and executives in the conduct of such programs.

[(2) The grant shall contain assurances of an ongoing organizational commitment to carrying out the purposes of this subpart through (A) obtaining matching funds for such programs in cash or in kind at least equal in amount to the amount of funds provided under this subpart, (B) making in-kind contributions to such programs, (C) demonstrating a commitment to continue to operate such programs after expiration of funding under this subpart, and (D) organizing a policy advisory committee including (but not limited to) representatives from business, private foundations, private nonprofit schools, and local and State educational agencies.

[(3) The grant shall indicate the level of development of human relations skills which its programs will instill by (A) identifying the credentials of the staff responsible for such development; (B) describing the manner in which such skills will be developed; and (C) describing the manner in which the program deals with human relations issues facing education administrators.

[(4) The grant shall establish a system for the evaluation of the programs conducted.

[(b) DURATION OF GRANT.—Each grant under this subpart shall be for a term of 3 years subject to the availability of appropriations. Such grant shall not be renewable, except that a single 3-year extension may be granted if the grantee agrees to maintain the programs with assistance under this part reduced by one-half.

[(DEFINITIONS

[(SEC. 545. For the purpose of this subpart—

[(1) the term "school administrator" means a principal, assistant principal, district superintendent, and other local school administrators;

[(2) the term "leadership skills" includes, but is not limited to, managerial, administrative, evaluative, communication and disciplinary skills and related techniques; and

[(3) the term "State" includes, in addition to the several States of the Union, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.

[(PART D—TEACHER SCHOLARSHIPS AND FELLOWSHIPS

[(SUBPART 1—CONGRESSIONAL TEACHER SCHOLARSHIP PROGRAMS

[(PURPOSE

[(SEC. 551. (a) PURPOSE.—It is the purpose of this subpart to make available, through grants to the States, scholarships during fiscal years 1987 through 1991 to a maximum of 10,000 individuals who are outstanding high school graduates and who demonstrate an interest in teaching, in order to enable and encourage those individuals to pursue teaching careers in education at the pre-school, elementary or secondary level.

[(b) DESIGNATION.—Scholarships awarded under this subpart shall be referred to as the “Paul Douglas Teacher Scholarships”.

[ALLOCATION AMONG STATES

[SEC. 552. (a) PER CAPITA ALLOCATION.—From the sums appropriated for this subpart pursuant to section 502(d) for any fiscal year, the Secretary shall allocate to any State an amount which bears as nearly as possible the same ratio to such sums as the number of persons in that State bears to the number of persons in all States.

[(b) USE OF CENSUS DATA.—For the purpose of this section, the number of persons in a State and in all States shall be determined by the most recently available data from the United States Census Bureau.

[GRANT APPLICATIONS

[SEC. 553. (a) SUBMISSION OF APPLICATIONS.—The Secretary is authorized to make grants to States in accordance with the provisions of this subpart. In order to receive a grant under this subpart, a State shall submit an application at such time or times, in such manner, and containing such information as the Secretary may prescribe by regulation. Such application shall set forth a program of activities for carrying out the purposes set forth in section 551 in such detail as will enable the Secretary to determine the degree to which such program will accomplish such purposes and such other policies, procedures, and assurances as the Secretary may require by regulation.

[(b) CONTENT OF APPLICATIONS.—The Secretary shall approve an application under this subpart only if the application—

[(1) describes the section criteria and procedures to be used by the State in the selection of scholarships under this part which satisfy the provisions of this part;

[(2) designates the State agency which administers the program under subpart 3 of part A of title IV, relating to State student incentive grants, or the State agency with which the Secretary has an agreement under section 428(b);

[(3) describes the outreach effort the State agency intends to use to publicize the availability of Congressional Teacher Scholarships to high school students in the State;

[(4) provides assurances that each recipient eligible under section 555(b) of this part who receives a Congressional Teacher Scholarship shall enter into an agreement with the State agency under which the recipient shall—

[(A) within the 10-year period after completing the post-secondary education for which the Congressional Teacher Scholarship was awarded, teach, for a period of not less than 2 years for each year for which assistance was received, in a public or private nonprofit preschool, elementary school, or secondary school in any State, or in a public or private nonprofit education program in any State, except that, in the case of individuals who teach in a shortage area established by the Secretary pursuant to section 428(b)(4), the requirements of this subparagraph shall be reduced by one-half;

[(B) provide the State agency evidence of compliance with section 556 as required by the States agency; and

[(C) repay all or part of a Congressional Teacher Scholarship received under section 554 plus interest and, if applicable, reasonable collection fees, in compliance with regulations issued by the Secretary under section 557, in the event that the conditions of subparagraph (A) are not complied with, except as provided for in section 558;

[(5) provides that the agreement entered into with recipients shall fully disclose the terms and conditions under which assistance under this subpart is provided and under which repayment may be required, including—

[(A) a description of the procedures required to be established under paragraph (6); and

[(B) a description of the appeals procedures required to be established under paragraph (7) under which a recipient may appeal a determination of noncompliance with any provision under this subpart;

[(6) provides for procedures under which a recipient of assistance received under this part who teaches for less than the period required under paragraph (4)(A) will have the repayment requirements reduced or eliminated consistent with the provisions of sections 557 and 558;

[(7) provides for appeals procedures under which a recipient may appeal any determination of noncompliance with any provision under this part;

[(8) provides assurances that the State agency shall make particular efforts to attract students from low-income backgrounds or who express a willingness or desire to teach in schools having less than average academic results or serving large numbers of economically disadvantaged students; and

[(9) provides assurances that Congressional Teacher Scholarships will be awarded without regard to sex, race, handicapped condition, creed, or economic background.

[(c) **SELECTION CRITERIA AND PROCEDURES.**—The selection criteria and procedures to be used by the State shall reflect the present and projected teacher needs of the State, including the demand for and supply of early childhood and elementary teachers in the State, the demand for and supply of secondary teachers in the State, and the demand for teachers with training in specific academic disciplines in the State.

[(d) **SOLICITATION OF VIEWS ON SELECTION CRITERIA AND PROCEDURES.**—In developing the selection criteria and procedures to be used by the State, the State shall solicit the views of State and local educational agencies, private educational institutions, and other interested parties. Such views—

[(1) shall be solicited by means of (A) written comments; and (B) publication of proposed selection criteria and procedures in final form for implementation; and

[(2) may be solicited by means of (A) public hearings on the teaching needs of elementary and secondary schools in the State (including the number of new teachers needed, the expected supply of new teachers, and the shortages in the State of teachers with training in specific academic disciplines, in-

cluding early childhood education and development); or (B) such other methods as the State may determine to be appropriate to gather information on such needs.

[AMOUNT AND DURATION OF AND RELATION TO OTHER ASSISTANCE

[SEC. 554. (a) LIMITATIONS ON AMOUNT AND DURATION.—Subject to subsection (c), each Congressional Teacher Scholar shall receive a \$5,000 scholarship for each academic year of postsecondary education for study in preparation to become a pre-school, elementary or secondary teacher. No individual shall receive scholarship assistance for more than 4 years of postsecondary education, as determined by the State agency.

[(b) CONSIDERATION OF AWARD IN OTHER PROGRAMS.—Notwithstanding the provisions of title IV of this Act, scholarship funds awarded pursuant to this part shall be considered in determining eligibility for student assistance under title IV of this Act.

[(c) ASSISTANCE NOT TO EXCEED NEED.—Congressional Teacher Scholarship assistance awarded by the statewide panel established pursuant to section 555 to any individual in any given year, when added to assistance received under title IV of this Act, shall not exceed the cost of attendance, as defined in section 472 of this Act, at the institution the individual is attending. If the amount of the Congressional Teacher Scholarship assistance and assistance received under title IV of this Act, exceeds the cost of attendance, the Congressional Teacher Scholarship shall be reduced by an amount equal to the amount by which the combined awards exceed the cost of attendance.

[(d) ASSISTANCE NOT TO EXCEED COST OF ATTENDANCE.—No individual shall receive an award under the Congressional Teacher Scholarship established under this subpart, in any academic year, which exceeds the cost of attendance, as defined in section 472 of this Act, at the institution the individual is attending.

[SELECTION OF CONGRESSIONAL TEACHER SCHOLARS

[SEC. 555. (a) SELECTION BY STATEWIDE PANELS.—Congressional Teacher Scholars shall be selected by a seven-member statewide panel appointed by the chief State elected official, acting in consultation with the State educational agency, or by an existing grant agency or panel designated by the chief State elected official and approved by the Secretary of Education. The statewide panel shall be representative of school administrators, teachers, including pre-school teachers, and parents.

[(b) ELIGIBILITY FOR SELECTION; SELECTION CRITERIA AND PROCEDURES.—Selections of Congressional Teacher Scholars shall be made from students who have graduated or who are graduating from high school and who rank in the top 10 percent of their graduating class. The State educational agency shall make applications available to public and private nonprofit high schools in the State and in other locations convenient to applicants, parents, and others. The statewide panel shall develop criteria and procedures for the selection of Congressional Teacher Scholars. Such criteria may include the applicant's high school grade point average, involvement in extracurricular activities, financial need, and expres-

sion of interest in teaching as expressed in an essay written by the applicant. The panel may also require the applicant to furnish letters of recommendation from teachers and others.

[SCHOLARSHIP CONDITIONS

[SEC. 556. Recipients of scholarship assistance under this subpart shall continue to receive such scholarship payments only during such periods that the State agency finds that the recipient is—

[(1) enrolled as a full-time student in an accredited post-secondary institution;

[(2) pursuing a course of study leading to teacher certification; and

[(3) maintaining satisfactory progress as determined by the postsecondary institution the recipient is attending.

[SCHOLARSHIP REPAYMENT PROVISIONS

[SEC. 557. Recipients found by the State agency to be in non-compliance with the agreement entered into under section 553(b)(4) of this subpart shall be required to repay a pro rata amount of the scholarship awards received, plus interest (but in no event at an interest rate higher than the rate applicable to loans in the applicable period under part B of this title) and, where applicable, reasonable collection fees, on a schedule and at a rate of interest to be prescribed by the Secretary by regulations issued pursuant to this subpart.

[EXCEPTIONS TO REPAYMENT PROVISIONS

[SEC. 558. (a) DEFERRAL DURING CERTAIN PERIODS.—A recipient shall not be considered in violation of the agreement entered into pursuant to section 553(b)(4)(C) during any period in which the recipient—

[(1) is pursuing a full-time course of study related to the field of teaching at an eligible institution;

[(2) is serving, not in excess of 3 years, as a member of the armed services of the United States;

[(3) is temporarily totally disabled for a period of time not to exceed 3 years as established by sworn affidavit of a qualified physician;

[(4) is unable to secure employment for a period not to exceed 12 months by reason of the care required by a spouse who is disabled;

[(5) is seeking and unable to find full-time employment for a single period not to exceed 12 months;

[(6) is seeking and unable to find full-time employment as a teacher in a public or private nonprofit pre-school, elementary or secondary school or a public or private nonprofit pre-school, education program for a single period not to exceed 27 months; or

[(7) satisfies the provisions of additional repayment exceptions that may be prescribed by the Secretary in regulations issued pursuant to this subpart.

[(b) FORGIVENESS IF PERMANENTLY TOTALLY DISABLED.]—A recipient shall be excused from repayment of any scholarship assistance received under this subpart if the recipient becomes permanently totally disabled as established by sworn affidavit of a qualified physician.

[FEDERAL ADMINISTRATION OF STATE PROGRAMS; JUDICIAL REVIEW]

[SEC. 559. (a) DISAPPROVAL HEARING REQUIRED.]—The Secretary shall not finally disapprove any application for a State program submitted under section 553, or any modification thereof, without first affording the State agency submitting the program reasonable notice and opportunity for a hearing.

[(b) SUSPENSION OF ELIGIBILITY.]—Whenever the Secretary, after reasonable notice and opportunity for hearing to the State agency administering a State program approved under this subpart, finds—

[(1) that the State program has been so changed that it no longer complies with the provisions of this subpart, or

[(2) that in the administration of the program there is a failure to comply substantially with any such provisions,
the Secretary shall notify such State agency that the State will not be regarded as eligible to participate in the program under this subpart until the Secretary is satisfied that there is no longer any such failure to comply.

[(c) COURT REVIEW.]—(1) If any State is dissatisfied with the Secretary's final action under subsection (b) (1) or (2), such State may appeal to the United States court of appeals for the circuit in which such State is located. The summons and notice of appeal may be served at any place in the United States. The Secretary shall forthwith certify and file in the court the transcript of the proceedings and the record on which the action was based.

[(2) The findings of fact by the Secretary, if supported by substantial evidence, shall be conclusive; but the court, for good cause shown, may remand the case to the Secretary to take further evidence, and the Secretary may thereupon make new or modified findings of fact and may modify any previous action, and shall certify to the court the transcript and record of further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

[(3) The court shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code.

[SUBPART 2—CHRISTA MCAULIFFE FELLOWSHIP PROGRAM]

[DECLARATION OF PURPOSE; DESIGNATION]

[SEC. 561. (a) PURPOSE.]—It is the purpose of this subpart to establish a national fellowship program for outstanding teachers.

[(b) DESIGNATION.]—Individuals awarded fellowships under this subpart shall be known as "Christa McAuliffe Fellows".

[USE OF FUNDS FOR FELLOWSHIPS AND ADMINISTRATION]

[SEC. 562. Funds appropriated for any fiscal year for fellowships to outstanding teachers under this subpart shall be used to award fellowships in accordance with the requirements of this subpart, except that not more than 2.5 percent of such funds shall be used for purposes of administering this subpart.

[CHRISTA MC AULIFFE FELLOWSHIPS]

[SEC. 563. (a) AWARD DISTRIBUTION AND AMOUNTS.—(1) Except as provided under paragraph (3), sums available for the purpose of this subpart shall be used to award one national teacher fellowship to a public or private school teacher teaching in each congressional district of each State, and in the District of Columbia, and the Commonwealth of Puerto Rico; and one such fellowship in Guam, the Virgin Islands, American Samoa, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.

[(2) Fellowship awards may not exceed the average national salary of public school teachers in the most recent year for which satisfactory data are available, as determined by the Secretary. Christa McAuliffe teacher fellows may not receive an award for 2 consecutive years. Subject to the repayment provisions of section 566, Christa McAuliffe teacher fellows shall be required to return to a teaching position in their current school district or private school system for at least 2 years following the fellowship award.

[(3) If the appropriation for this subpart under section 502(d) is not sufficient to provide the number of fellowships required by paragraph (1) at the level required under paragraph (2), the Secretary shall determine and publish an alternative distribution of fellowships which will permit fellowship awards at that level and which is geographically equitable. The Secretary shall send notice of such determination to each of the statewide panels established under section 564.

[(b) USE OF AWARDS.—Christa McAuliffe teacher fellows may use such awards for such projects for improving education as the Secretary may approve, including (1) sabbaticals for study or research directly associated with the objectives of this part, or academic improvement; (2) consultation with or assistance to other school districts or private school systems; (3) development of special innovative programs; or (4) model teacher programs and staff development.

[SELECTION OF CHRISTA MC AULIFFE TEACHER FELLOWSHIPS]

[SEC. 564. Recipients of Christa McAuliffe teacher fellowship in each State shall be selected (in accordance with section 565) by a 7-member statewide panel appointed by the chief State elected official, acting in consultation with the State educational agency, or by an existing panel designated by the chief State elected official and approved by the Secretary. The statewide panel shall be representative of school administrators, teachers, parents, and institutions of higher education.

[EVALUATION OF APPLICATIONS

[SEC. 565. (a) SUBMISSION TO AND REVIEW BY STATEWIDE PANEL.—An applicant for Christa McAuliffe teacher fellowship assistance shall submit a proposal for a project under section 563(b), and shall indicate the extent to which the applicant wishes to continue current teaching duties. The applicant shall submit such a proposal to the local education agency for comment prior to submission to the statewide panel (appointed under section 564) for the State within which the proposed project is to be conducted. In evaluating proposals, such statewide panel shall consult with the local education agency, requesting 2 recommendations from teaching peers; a recommendation from the principal; and a recommendation of the superintendent on the quality of the proposal and its benefit to education; and any other criteria for awarding fellowships as is considered appropriate by such statewide panel. Selection of fellows shall be made in accordance with regulations prescribed by the Secretary of Education.

[(b) PUBLIC ANNOUNCEMENT.—Announcement of awards shall be made in a public ceremony.

[FELLOWSHIP REPAYMENT PROVISIONS

SEC. 566. Repayment of the award shall be made to the Federal Government in the case of fraud or gross noncompliance.

[PART E—STATE TASK FORCES ON TEACHER TRAINING

[STATE TASK FORCES ON TEACHER TRAINING

[SEC. 571. (a) IN GENERAL.—No institution of higher education or other entity in any State shall be eligible for assistance under this title for any fiscal year beginning on or after October 1, 1987, unless—

[(1) the State educational agency has established a task force on teacher training in accordance with the requirements of subsections (b) and (c); or

[(2) the Secretary waives the requirements of this section if the State educational agency has substantially complied with the requirements of paragraphs (1), (2), and (3) of subsection (b), and submits evidence to the Secretary showing such compliance.

[(b) TASK FORCE.—The State educational agency, in consultation with the task force established under this section, shall be responsible—

[(1) for conducting a statewide assessment of the State's needs for recruiting, retaining, retraining, and improving the performance of, instructional and administrative personnel in pre-schools, elementary and secondary schools within the State;

[(2) for developing plans to meet the needs identified pursuant to paragraph (1); and

[(3) for conducting such activities in cooperation with the State needs assessment required under section 208 of the Education for Economic Security Act (20 U.S.C. 3968).

[(c) MEMBERSHIP OF TASK FORCE.—A task force established under this section shall be composed of at least one representative of each of the following:

- [(1)** The Governor of the State.
- [(2)** The chief State school officer.
- [(3)** The State higher education executive officer.
- [(4)** The State board of education.
- [(5)** The deans of the schools or colleges of education within the State.
- [(6)** The presidents of colleges and universities within the State.
- [(7)** Preschool, elementary and secondary school teachers.
- [(8)** Elementary and secondary school administrators, including local superintendents and principals.
- [(9)** The State legislature.
- [(10)** Private nonprofit pre-school, elementary and secondary education.

[(d) ALTERNATIVE MEMBERSHIP.—Any previously existing State organization or entity whose membership is substantially the same as the membership required by subsection (c) may, with the approval of the State educational agency, assume the responsibilities of the task force on teacher training under this section.

[(e) LONG-RANGE PLANNING.—From the funds available to carry out this subpart, a State educational agency may apply to the Secretary for assistance in order to develop a long-range plan, in consultation with the task force established under this section. Such plan shall—

[(1) assess the supply and determine the future needs of educators in the State, including early childhood education and development specialists;

[(2) assess the ability of teacher training institutions, the State educational agency, and local educational agencies within the State to meet such needs;

[(3) describe the steps being taken within the State to improve the qualifications and performance of practicing and prospective educators and the availability of training resources for such educators;

[(4) if determined to be appropriate by the State education agency, establish a program of competitive grants to local educational agencies, professional organizations, institutions of higher education, and consortia of such agencies and institutions within the State that are allocated in accordance with specific criteria developed by the task force on teacher training; and

[(5) provide for the performance of such other activities as are deemed appropriate to carry out purposes of this subpart.

[(f) DISPOSITION OF FUNDS TO STATES.—Funds appropriated for this subpart shall be allocated among the States based on the number of children aged 5 through 17, inclusive, except that no State shall receive less than the greater of \$10,000 or 0.01 percent of the amount so appropriated.

[(g) STATE APPLICATIONS.—A State educational agency which desires to obtain a grant under this subpart¹ shall file an application with the Secretary which—

[(1) describes the methods which will be used to insure active and continuing consultation with the task force;

[(2) provides for timely public notice and public dissemination of the information collected and plans developed; and

[(3) ensures that the State educational agency will keep such records and provide such information to the Secretary as may be required for fiscal audit and program evaluation, consistent with the responsibilities of the Secretary under this subpart.

[TITLE VI—INTERNATIONAL EDUCATION PROGRAMS

[PART A—INTERNATIONAL AND FOREIGN LANGUAGE STUDIES

[FINDINGS AND PURPOSES

[SEC. 601. (a) The Congress finds that—

[(1) the well-being of the United States, its economy and long-range security, is dependent on the education and training of Americans in international and foreign language studies and on a strong research base in these areas;

[(2) knowledge of other countries and the ability to communicate in other languages is essential to the promotion of mutual understanding and cooperation among nations; and

[(3) present and future generations of Americans must be afforded the opportunity to develop to the fullest extent possible their intellectual capacities in all areas of knowledge.

[(b) It is the purpose of this part to assist in the development of knowledge, international study, resources and trained personnel, to stimulate the attainment of foreign language acquisition and fluency, and to coordinate the programs of the Federal Government in the areas of foreign language and international studies and research.

[GRADUATE AND UNDERGRADUATE LANGUAGE AND AREA CENTERS

[SEC. 602. (a)(1) The Secretary is authorized—

[(A) to make grants to institutions of higher education, or combinations thereof, for the purpose of establishing, strengthening, and operating comprehensive language and area centers and programs; and

[(B) to make grants to such institutions or combinations for the purpose of establishing, strengthening, and operating undergraduate language and area centers and programs, which will be national resources for teaching of any modern foreign language, for instruction in fields needed to provide full understanding of areas, regions, or countries in which such language is commonly used, for research and training in international studies, and the international and foreign language aspects of professional and other fields of study, and for instruction and research on issues in world affairs which concern one or more countries.

[(2) Any such grant may be used to pay all or part of the cost of establishing or operating a center or program, including the cost of faculty, staff, and student travel in foreign areas, regions, or countries, the cost of teaching and research materials, the cost of curriculum planning and development, the cost of bringing visiting scholars and faculty to the center to teach or to conduct research,

and the cost of training and improvement of the staff, for the purpose of, and subject to such conditions as the Secretary finds necessary for, carrying out the objectives of this section.

[(3) The Secretary may make grants to centers described in paragraph (1)(A) having important library collections for the maintenance of such collections.

[(b)(1)(A) The Secretary is authorized to make grants to institutions of higher education or combinations of such institutions for the purpose of paying stipends to individuals undergoing advanced training in any center or program approved by the Secretary under this part.

[(B) Stipend recipients shall be individuals who are engaged in a program of competency-based language training, or in a program developing competency-based language training, in combination with area studies, international studies, or the international aspects of a professional studies program.

[(C) Stipends awarded to graduate level recipients may include allowances for dependents and for travel for research and study in the United States and abroad.

[(2)(A) The Secretary is also authorized to award, on the basis of a national competition, stipends to students beginning their third year of graduate training.

[(B) Stipend recipients shall be selected by a nationally recognized panel of scholars on the basis of exceptional performance (on a nationally referenced test, if available) in the specialty language and evidence of substantial multidisciplinary area training.

[(C) Stipends may be held for up to a maximum 4 years contingent on periodic demonstration of a high level of language proficiency.

[(D) Stipends may be used for continuation of studies at the institution where the recipient is currently enrolled and for the conduct of research and advanced language study abroad.

[(3) The Secretary is not authorized to make awards under paragraph (2) for any fiscal year unless the amount made available by grants under paragraph (1) for such fiscal year equals or exceeds the current services equivalent of the level of funding during fiscal year 1985 under paragraph (1).

[(c) No funds may be expended under this part for undergraduate travel except in accordance with rules prescribed by the Secretary setting forth policies and procedures to assure that Federal funds made available for such travel are expended as part of a formal program of supervised study.

LANGUAGE RESOURCE CENTERS

[(SEC. 603. (a) The Secretary is authorized to make grants to and enter into contracts with institutions of higher education, or combinations of such institutions, for the purpose of establishing, strengthening, and operating language training centers, which shall serve as resources to improve the capacity to teach and learn foreign languages effectively. Activities carried out by such centers may include—

[(1) the conduct of research on new and improved teaching methods, including the use of advanced educational technology;

[(2) the development of new teaching materials reflecting the use of such research in effective teaching strategies;

[(3) the development and application of proficiency testing appropriate to an educational setting for use as a standard and comparable measurement of skill levels in all languages;

[(4) the training of teachers in the administration and interpretation of proficiency tests, the use of effective teaching strategies, and the use of new technologies;

[(5) the publication of instructional materials in the less commonly taught languages; and

[(6) the widespread dissemination of research results, teaching materials, and improved pedagogical strategies to others within the postsecondary education community.

[(b) Grants under this section shall be made on such conditions as the Secretary determines to be necessary to carry out the provisions of this section.

[UNDERGRADUATE INTERNATIONAL STUDIES AND FOREIGN LANGUAGE PROGRAMS]

[SEC. 604. (a) The Secretary is authorized to make grants to institutions of higher education, or combinations of such institutions, to assist them in planning, developing, and carrying out a program to strengthen and improve undergraduate instruction in international studies and foreign languages. Grants made under this section may be for projects and activities which are an integral part of such a program, such as—

[(1) planning for the development and expansion of undergraduate programs in international studies;

[(2) teaching, research, curriculum development, and other related activities;

[(3) training of faculty members in foreign countries;

[(4) expansion of foreign language courses;

[(5) programs under which foreign teachers and scholars may visit institutions as visiting faculty;

[(6) programs designed to integrate undergraduate education with terminal Masters Degree programs having an international emphasis; and

[(7) the development of an international dimension in pre-service and in-service teaching training.

[(b)(1) The Secretary is also authorized to make grants to institutions of higher education whose applicants are approved under subsection (a) for the purpose of providing assistance to model programs designed to improve and expand foreign language studies at those institutions. Any institution of higher education desiring to receive a grant under this subsection shall submit an application to the Secretary at such time, in such form, and containing such information and assurances as the Secretary may require.

[(2)(A) An institution of higher education shall not be eligible for a grant under this subsection for a fiscal year unless—

[(i) the sum of the number of students enrolled at such institution in qualified postsecondary language courses on October 1 of that fiscal year exceeds 5 percent of the total number of students enrolled at such institution; and

[(ii) such institution requires that each entering student have successfully completed at least 2 years of secondary school foreign language instruction or requires that each graduating student have earned 2 years of postsecondary credit in a foreign language (or have demonstrated equivalent competence in a foreign language).

[(B) For the purpose of subparagraph (A)(i), the total number of students enrolled in an institution shall be considered to be equal to the sum of (i) the number of full-time degree candidate students enrolled at the institution, and (ii) the number of part-time degree candidate students who are enrolled at the institution for an academic workload which is at least half the full-time academic workload, as determined by the institution in accordance with standards prescribed by the Secretary.

[(3) As a condition for the award of any grant under this subsection, the Secretary may establish criteria for evaluating programs assisted with funds under this subsection and require an annual report which evaluates the progress and proficiency of students in such programs.

[(c) The Secretary may also make grants to public and private nonprofit agencies and organizations, including professional and scholarly associations, whenever the Secretary determines such grants will make an especially significant contribution to attaining the objective of this section.

[INTENSIVE SUMMER LANGUAGE INSTITUTES

[SEC. 605. (a)(1) The Secretary is authorized to make grants to institutions of higher education, or combinations of such institutions, for the purpose of establishing and conducting intensive summer language institutes.

[(2) Training authorized by this section shall be provided through—

[(A) institutes designed to meet the needs for intensive language training by advanced foreign language students;

[(B) institutes designed to provide professional development and improve language instruction through pre-service and in-service training for language teachers; or

[(C) institutes that combine the purposes of subparagraphs (A) and (B).

[(3) Grants made under this section may be used for—

[(A) intensive training in languages critical to the national economic and political future;

[(B) training in neglected languages; and

[(C) stipends for students and faculty attending the institutes authorized by this section.

[(4) Institutes supported under this section may provide instruction on a full-time or part-time basis to supplement instruction not fully available in centers supported under section 602.

[(b) Grants made under this section shall be awarded on the basis of recommendations made by peer review panels composed of broadly representative professionals.

[RESEARCH; STUDIES; ANNUAL REPORT

[SEC. 606. (a) The Secretary may, directly or through grants or contracts conduct research and studies which contribute to the purposes of this part. Such research and studies may include but are not limited to—

[(1) studies and surveys to determine the need for increased or improved instruction in modern foreign languages and in other fields needed to provide full understanding of the places in which such languages are commonly used;

[(2) research on more effective methods of providing instruction and evaluating competency in such foreign languages and other fields;

[(3) the application of proficiency tests and standards across all areas of foreign language instruction and classroom use; and

[(4) the development and publication of specialized materials for use in providing such instruction and evaluation or for use in training individuals to provide such instruction and evaluation.

[(b) The Secretary shall prepare and publish an annual report listing the books and research materials produced with assistance under this title.

[PERIODICALS PUBLISHED OUTSIDE THE UNITED STATES

[SEC. 607. (a) In addition to the amount authorized to be appropriated by section 609, there are authorized to be appropriated \$1,000,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years to provide assistance for the acquisition of, and provision of access to, periodicals published outside the United States.

[(b) From the amount appropriated under subsection (a) for any fiscal year, the Secretary shall make grants to institutions of higher education or public or nonprofit private library institutions or consortia of such institutions for the following purposes:

[(1) to acquire periodicals published outside the United States which are not commonly held by American academic libraries and which are of scholarly or research importance;

[(2) to maintain current bibliographic information on periodicals thus acquired in machine-readable form and to enter such information into one or more of the widely available bibliographic data bases;

[(3) to prepare such periodicals; and

[(4) to make such periodicals available to researchers and scholars.

[(c) The Secretary shall approve as a recipient of a grant under this section only an institution or consortium which has an established library or consortium of libraries with collection strengths in either specific geographical areas of the world or particular fields or issues in world affairs which concern one or more countries, or both, and which demonstrates a commitment to share the resources of the collection.

[(d) Nothing in this section shall be considered to amend, affect, or define the provisions of title 17, United States Code, relating to copyright.

[SELECTION OF GRANT RECIPIENTS]

[SEC. 608. (a) The Secretary shall award grants under section 602 competitively on the basis of criteria that separately, but not less rigorously, evaluate the applications for comprehensive and undergraduate language and area centers and programs.

[(b) The Secretary shall set criteria for grants awarded under section 602 by which a determination of excellence shall be made to meet the differing objectives of graduate and undergraduate institutions.

[(c) The Secretary shall, to the extent practicable, award grants under this part (other than section 602(a)(1) in such manner as to achieve an equitable distribution of assistance throughout the Nation, based on the merit of a proposal with peer review by broadly representative professionals.

[EQUITABLE DISTRIBUTION OF FUNDS]

[SEC. 609. (a) The Secretary shall make excellence the criterion for selection of grants awarded under section 602.

[(b) To the extent practicable and consistent with the criterion of excellence, the Secretary shall award grants under this part (other than section 602) in such manner as will achieve an equitable distribution of funds throughout the Nation.

[AUTHORIZATION OF APPROPRIATIONS]

[SEC. 610. There are authorized to be appropriated to carry out this part \$49,000,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

[PART B—BUSINESS AND INTERNATIONAL EDUCATION PROGRAMS]

[FINDINGS AND PURPOSES]

[SEC. 611. (a) the Congress finds that—

[(1) the future economic welfare of the United States will depend substantially on increasing international skills in the business and educational community and creating an awareness among the American public of the internationalization of our economy;

[(2) concerted efforts are necessary to engage business schools, language and area study programs, public and private sector organizations, and United States business in a mutually productive relationship which benefits the Nation's future economic interests;

[(3) few linkages presently exist between the manpower and information needs of United States business and the international education, language training and research capacities of institutions of higher education in the United States, and public and private organizations; and

[(4) organizations such as world trade councils, world trade clubs, chambers of commerce and State departments of com-

merce are not adequately used to link universities and business for joint venture exploration and program development.

[(b) It is the purpose of this part—

[(1) to enhance the broad objective of this Act by increasing and promoting the Nation's capacity for international understanding and economic enterprise through the provision of suitable international education and training for business personnel in various stages of professional development; and

[(2) to promote institutional and noninstitutional educational and training activities that will contribute to the ability of United States business to prosper in an international economy.

[CENTERS FOR INTERNATIONAL BUSINESS EDUCATION]

[SEC. 612. (a) The Secretary is authorized to make grants to institutions of higher education, or combinations of such institutions, to pay the Federal share of the cost of planning, establishing and operating centers for international business education which—

[(1) will be national resources for the teaching of improved business techniques, strategies, and methodologies which emphasize the international context in which business is transacted,

[(2) will provide instruction in critical foreign languages and international fields needed to provide understanding of the cultures and customs of United States trading partners, and

[(3) will provide research and training in the international aspects of trade, commerce, and other fields of study.

In addition to providing training to students enrolled in the institution of higher education in which a center is located, such centers shall serve as regional resources to businesses proximately located by offering programs and providing research designed to meet the international training needs of such businesses.

[(b) Each grant made under this section may be used to pay the Federal share of the cost of planning, establishing or operating center, including the cost of—

[(1) faculty and staff travel in foreign areas, regions, or countries,

[(2) teaching and research materials,

[(3) curriculum planning and development,

[(4) bringing visiting scholars and faculty to the center to teach or to conduct research, and

[(5) training and improvement of the staff, for the purpose of, and subject to such conditions as the Secretary finds necessary for, carrying out the objectives of this section.

[(c)(1) Programs and activities to be conducted by centers assisted under this section shall include—

[(A) interdisciplinary programs which incorporate foreign language and international studies training into business, finance, management, communications systems, and other professional curricula;

[(B) interdisciplinary programs which provide business, finance, management, communications systems, and other professional training for foreign language and international studies faculty and advanced degree candidates;

[(C) evening or summer programs, including, but not limited to, intensive language programs, available to members of the business community and other professionals which are designed to develop or enhance their international skills, awareness, and expertise;

[(D) collaborative programs, activities, or research involving other institutions of higher education, local educational agencies, professional associations, businesses, firms, or combinations thereof, to promote the development of international skills, awareness, and expertise among current and prospective members of the business community and other professionals;

[(E) research designed to strengthen and improve the international aspects of business and professional education and to promote integrated curricula; and

[(F) research designed to promote the international competitiveness of American businesses and firms, including those not currently active in international trade.

[(2) Programs and activities to be conducted by centers assisted under this section may include—

[(A) the establishment of overseas internship programs for students and faculty designed to provide training and experience in international business activities, except that no Federal funds provided under this section may be used to pay wages or stipends to any participant who is engaged in compensated employment as part of an internship program; and

[(B) other eligible activities prescribed by the Secretary.

[(d)(1) In order to be eligible for assistance under this section, an institution of higher education, or combination of such institutions, shall establish a center advisory council which will conduct extensive planning prior to the establishment of a center concerning the scope of the center's activities and the design of its programs.

[(2) The Center Advisory Council shall include—

[(A) one representative of an administrative department or office of the institution of higher education;

[(B) one faculty representative of the business or management school or department of such institution;

[(C) one faculty representative of the international studies or foreign language school or department of such institution;

[(D) one faculty representative of another professional school or department of such institution, as appropriate;

[(E) one or more representative of local or regional businesses or firms;

[(F) one representative appointed by the Governor of the State in which the institution of higher education is located whose normal responsibilities include official oversight or involvement in State-sponsored trade-related activities or programs; and

[(G) such other individuals as the institution of higher education deems appropriate.

[(3) In addition to the initial planning activities required under subsection (d)(1), the center advisory council shall meet not less than once each year after the establishment of the center to assess and advise on the programs and activities conducted by the center.

[(e)(1) The Secretary shall make grants under this section for a minimum of 3 years unless the Secretary determines that the provision of grants of shorter duration is necessary to carry out the objectives of this section.

[(2) The Federal share of the cost of planning, establishing and operating centers under this section shall be—

[(A) not more than 90 per centum for the first year in which Federal funds are furnished,

[(B) not more than 70 per centum for the second such year and

[(C) not more than 50 per centum for the third such year and for each such year thereafter.

[(3) The non-Federal share of the cost of planning, establishing, and operating centers under this section may be provided either in cash or in-kind assistance.

[(f)(1) Grants under this section shall be made on such conditions as the Secretary determines to be necessary to carry out the objectives of this section. Such conditions shall include—

[(A) evidence that the institution of higher education, or combination of such institutions, will conduct extensive planning prior to the establishment of a center concerning the scope of the center's activities and the design of its programs in accordance with subsection (d)(1);

[(B) assurance of ongoing collaboration in the establishment and operation of the center by faculty of the business, management, foreign language, international studies and other professional schools or departments, as appropriate;

[(C) assurance that the education and training programs of the center will be open to students concentrating in each of these respective areas, as appropriate; and

[(D) assurance that the institution of higher education, or combination of such institutions, will use the assistance provided under this section to supplement and not to supplant activities conducted by institutions of higher education described in subsection (c)(1).

[EDUCATION AND TRAINING PROGRAMS

[SEC. 613. (a) The Secretary shall make grants to, and enter into contracts with, institutions of higher education to pay the Federal share of the cost of the programs designed to promote linkages between such institutions and the American business community engaged in international economic activity. Each program assisted under this section shall both enhance the international academic programs of institutions of higher education and provide appropriate services to the business community which will expand its capacity to engage in commerce abroad.

[(b) Eligible activities to be conducted by institutions of higher education under this section shall include, but are not limited to—

[(1) innovation and improvement in international education curricula to serve the needs of the business community, including development of new programs for nontraditional, mid-career, or part-time students;

[(2) development of programs to inform the public of increasing international economic interdependence and the role of American business within the international economic system;

[(3) internationalization of curricula at the junior and community college level, and at undergraduate and graduate schools of business;

[(4) development of area studies programs and interdisciplinary international programs;

[(5) establishment of export education programs through cooperative arrangements with regional and world trade centers and councils, and with bilateral and multilateral trade associations;

[(6) research for and development of specialized teaching materials, including language materials, and facilities appropriate to business-oriented students;

[(7) establishment of student and faculty fellowships and internships for training and education in international business activities;

[(8) development of opportunities for junior business and other professional school faculty to acquire or strengthen international skills and perspectives;

[(9) development of research programs on issues of common interest to institutions of higher education and private sector organizations and associations engaged in or promoting international economic activity; and

[(10) the establishment of internships overseas to enable foreign language students to develop their foreign language skills and knowledge of foreign cultures and societies.

[(c) No grant may be made and no contract may be entered into under the provisions of this section unless an institution of higher education submits an application at such time and in such manner as the Secretary may reasonably require. Each such application shall be accompanied by a copy of the agreement entered into by the institution of higher education with a business enterprise, trade organization or association engaged in international economic activity, or a combination or consortium of such enterprises, organizations or associates, for the purpose of establishing, developing, improving or expanding activities eligible for assistance under subsection (b) of this section. Each such application shall contain assurances that the institution of higher education will use the assistance provided under this section to supplement and not to supplant activities conducted by institutions of higher education described in subsection (b).

[(d) The Federal share under this part for each fiscal year shall not exceed 50 per centum of the cost of such program.

[AUTHORIZATION OF APPROPRIATIONS]

[SEC. 614. (a) There are authorized to be appropriated \$7,500,000 for the fiscal year 1988 and for each of the 4 succeeding fiscal years to carry out the provisions of section 612.

[(b) There are authorized to be appropriated \$5,000,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years, to carry out the provisions of section 613.

[PART C—GENERAL PROVISIONS

[DEFINITIONS

[SEC. 622. (a) As used in this title—

[(1) the term “area studies” means a program of comprehensive study of the aspects of a society or societies, including study of its history, culture, economy, politics, international relations and languages;

[(2) the term “international business” means profit-oriented business relationships conducted across national boundaries and includes activities such as the buying and selling of goods; investments in industries; the licensing of processes, patents and trademarks; and the supply of services;

[(3) the term “export education” means educating, teaching and training to provide general knowledge and specific skills pertinent to the selling of goods and services to other countries, including knowledge of market conditions, financial arrangements, laws and procedures;

[(4) the term “internationalization of curricula” means the incorporation of international or comparative perspectives in existing courses of study or the addition of new components to the curricula to provide an international context for American business education;

[(5) the term “comprehensive language and area center” means an administrative unit of a university that contributes significantly to the national interest in advanced research and scholarship, employs a critical mass of scholars in diverse disciplines related to a geographic concentration, offers intensive language training in languages of its area specialization, maintains important library collections related to the area, and makes training available in language and area studies to a graduate, postgraduate, and undergraduate clientele; and

[(6) the term “undergraduate language area center” means an administrative unit of an institution of higher education, including but not limited to 4-year colleges, that contributes significantly to the national interest through the education and training of students who matriculate into advanced language an area studies program, professional school programs, or incorporates substantial international and foreign language content into baccalaureate degree programs, engages in research, curriculum development and community outreach activities designed to broaden international and foreign language knowledge, employs faculty with strong language, area, and international studies credentials, maintains library holdings, including basic reference works, journals, and works in translation, and makes training available predominantly to undergraduate students.

[(b) All references to individuals or organizations, unless the context otherwise requires, mean individuals who are citizens

or permanent residents of the United States or organizations which are organized or incorporated in the United States.】

TITLE V—EDUCATOR RECRUITMENT, RETENTION, AND DEVELOPMENT

SEC. 501. STATEMENT OF FINDINGS AND PURPOSE.

(a) FINDINGS.—The Congress finds that—

(1) teachers in the classroom are the men and women who must play an integral role in leading our Nation's schools into the 21st century;

(2) we should encourage individuals to enter the education profession so that our teaching force is representative both of the diversity of our Nation and of the tremendous talents and skills of our citizens;

(3) the methods used to prepare prospective teachers and the continuing education and support provided to practicing teachers have a significant influence on the effectiveness of classroom teachers;

(4) the postsecondary education of education professionals has not been linked to local, State and national goals and standards;

(5) the inservice and continuing professional development of educators has not promoted systematic and sustained improvement of the education system;

(6) State educational agencies have not been funded and staffed adequately to carry out a mission of supporting a process to achieve local, State, or national goals and standards;

(7) in order to encourage more women and underrepresented minorities to enter the fields of science and mathematics and succeed in these fields, we must provide proper training for existing mathematics and science teachers and recruit women and underrepresented minorities as teachers in these fields;

(8) educators must have the expertise and the support that allow them to adapt to the changing environment in our schools and to the evolving skills required of our schools' graduates; and

(9) the Federal Government plays an essential role in providing support to educator training and professional development that will enable teachers to be classroom leaders and administrators to be school leaders at the forefront of reforming our Nation's schools.

(b) PURPOSE.—It is the purpose of this title—

(1) to encourage academically qualified students to become teachers through scholarship assistance;

(2) to support the recruitment of talented individuals into the teaching profession;

(3) to provide assistance to schools of education in institutions of higher education in order to reform teacher education programs by encouraging new developments in teacher preparation which provide for greater integration of subject matter and pedagogical training and which prepare classroom teachers to effectively meet changing noneducational challenges in the schools;

(4) to promote high quality child development and early childhood education specialist training programs, including preschool and early intervention services for infants and toddlers with disabilities;

(5) to provide assistance to our Nation's teaching force for the continued improvement of their professional skills;

(6) to assist individuals who are currently employed as school paraprofessionals to obtain the education necessary in order to become a licensed or certified teachers;

(7) to promote partnerships between institutions of higher education and local educational agencies for the purpose of promoting the restructuring and renewal of elementary and secondary schools and collegiate teacher education programs;

(8) to promote new learning within colleges of education and State and local educational agencies that will cause greater collaboration among such entities in order to achieve common goals and standards through systemic improvement;

(9) To provide scholarship assistance to encourage women and minorities who are underrepresented in the fields of science and mathematics to enter the teaching profession in these fields; and

(10) to improve the leadership and managerial skills of elementary and secondary school administrators.

SEC. 502. AUTHORIZATION OF APPROPRIATIONS.

(a) **STATE AND LOCAL PROGRAMS FOR TEACHER EXCELLENCE.**—For part A there are authorized to be appropriated \$400,000,000 for fiscal year 1993 and such sums as may be necessary for the 4 succeeding fiscal years.

(b) **TEACHER SCHOLARSHIPS AND FELLOWSHIPS.**—

(1) For subpart 1 of Part B there are authorized to be appropriated \$25,000,000 for fiscal year 1993 and such sums as may be necessary for the 4 succeeding fiscal years.

(2) For subpart 2 of part B there are authorized to be appropriated \$15,000,000 for fiscal year 1993, and such sums as may be necessary for the 4 succeeding fiscal years.

(c) **NATIONAL PROGRAMS.**—

(1) For subpart 1 of part C there are authorized to be appropriated \$15,000,000 for fiscal year 1993 and such sums as may be necessary for the 4 succeeding fiscal years.

(2) For subpart 2 of part C there are authorized to be appropriated \$20,000,000 for the period beginning on October 1, 1992 and ending on September 30, 1997.

(3) For subpart 3 of part C there are authorized to be appropriated \$20,000,000 for fiscal year 1993 and such sums as may be necessary for the 4 succeeding fiscal years.

(4) For subpart 4 of part C there are authorized to be appropriated \$50,000,000 for fiscal year 1993 and such sums as may be necessary for the 4 succeeding fiscal years.

(5) For subpart 5 of part C there are authorized to be appropriated \$2,000,000 for fiscal year 1993 and such sums as may be necessary for the 4 succeeding fiscal years.

(6) For subpart 6 of part C there are authorized to be appropriated \$5,000,000 for fiscal year 1993 and such sums as may be necessary for the 4 succeeding fiscal years.

(7) For subpart 7 of part C there are authorized to be appropriated \$15,000,000 for fiscal year 1993.

(8) For subpart 8 of part C there are authorized to be appropriated \$15,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

(9) For subpart 9 of part C, there are authorized to be appropriated \$20,000,000 for fiscal year 1993, and such sums as may be necessary for each of the 4 succeeding fiscal years.

(10) For subpart 10 of part C, there are authorized to be appropriated \$20,000,000 for fiscal year 1993, and such sums as may be necessary for each of the 4 succeeding fiscal years.

PART A—STATE AND LOCAL PROGRAMS FOR TEACHER EXCELLENCE

SEC. 511. AUTHORITY AND ALLOCATION OF FUNDS.

(a) PURPOSE AND AUTHORITY.—

(1) **PURPOSE.**—It is the purpose of this part to provide funds to State educational agencies, local educational agencies and institutions of higher education in order to update and improve the skills of classroom teachers, including preschool and early childhood education specialists and school administrators and to provide for a comprehensive examination of State requirements for teacher preservice and certification.

(2) **PROGRAM AUTHORIZED.**—The Secretary is authorized to make grants to State educational agencies for the purposes of enhancing and improving the quality of teaching, including early childhood education, in each of the several States.

(b) ALLOTMENT OF FUNDS.—

(1) **IN GENERAL.**—The Secretary shall allot to each State an amount which bears the same ratio to the amount of such remainder as the school-aged population of that State bears to the school-aged population of all States. In making allotments under this part, the Secretary shall use the most recent data available.

(2) **TERRITORIAL GRANTS.**—From 1 percent of the amount appropriated under subsection (a) for this part, the Secretary shall make grants to the Virgin Islands, Guam, the Commonwealth of the Northern Mariana Islands, and American Samoa.

(3) ALLOCATIONS FROM STATE ALLOTMENTS.—

(A) From the sum allotted each year under paragraph (1), the State education agency shall allocate not less than 50 percent to local educational agencies within such state according to the relative enrollments in public schools within the local educational agency for the purposes of section 513, except that any local educational agency that would receive a grant of less than \$10,000 shall be required to form a consortium with other local educational agencies. In making allotments under this part, the State educational agency shall use the most recent data available.

(B) The State educational agency may reserve up to 25 percent of the funds for the purposes of section 514.

(C) From the sum allotted each year under paragraph (1), the State educational agency shall reserve not more than 25 percent to distribute to institutions of higher education for the purposes of section 515.

(D) The State educational agency may reserve no more than 3 percent of the funds allotted to the State for the purposes of administering the program under this title.

(c) **STATE DISTRIBUTION.**—Notwithstanding subsection (b), if the appropriation for this part for any fiscal year is less than \$250,000,000, the State shall distribute the funds reserved for local educational agencies on a competitive basis.

(d) **DEFINITION OF STATE.**—For purposes of this subsection—

(1) the term "State" includes the several States, the District of Columbia, and the Commonwealth of Puerto Rico; and

(2) the term "school-aged population" means the populations aged 5 to 17, inclusive.

SEC. 512. STATE APPLICATION.

(a) **IN GENERAL.**—Any State which desires to receive an allotment under this part shall submit to the Secretary an application which—

(1) designates the State educational agency as the State agency responsible for the administration and supervision of programs assisted under this part;

(2) provides for a process of active discussion and consultation with a committee, convened by the chief State school officer, which is broadly representative of the educational interests within the State, including—

(A) a representative nominated by each of the following:

(i) the State teacher organizations;

(ii) the organizations representing preschool and early childhood education specialists;

(iii) the State school administrators organization;

(iv) the State parents organizations;

(v) the State business organizations; and

(vi) the State student organizations;

(B) a representative from the State board of education;

(C) a representative of faculty from departments, schools or colleges of education;

(D) other representatives of institutions of higher education including community colleges;

(E) the State director of vocational education; and

(F) the State director of special education;

(3) describes the competitive process that the State will use to distribute funds among local educational agencies pursuant to section 511(c);

(4) describes the process the State will use to conduct the assessment required by section 514;

(5) describes how the State will allocate funds among activities permitted under section 514;

(6) describes, if appropriate, the competitive process that the State will use to select applicants to operate the State Acade-

mies for Teachers, how Academy participants will be selected, and how the State will monitor the implementation of Academies;

(7) describes, if appropriate, the competitive process that the State will use to select applicants to operate the State Academies for School Leaders, how Academy participants will be selected, and how the State will monitor the implementation of the Academies;

(8) describes the competitive process that the State will use to distribute funds among institutions of higher education pursuant to section 515;

(9) describes a plan to promote learning among the State educational agency staff in order to support and facilitate systemic improvement of the State educational agency, schools or colleges of education at institutions of higher education, and local educational agencies; and

(10) includes such other information and assurances as the Secretary may require.

(b) **FUNCTIONS OF COMMITTEE.**—The application required by subsection (a) shall identify the procedures by which the committee required by paragraph (2) of such subsection will be engaged in—

(1) ensuring that activities assisted under this part are effective, coordinated with other State, local, and Federal activities and programs, and meet the needs of the State for improving the quality of teaching and teacher education programs, including those programs concerned with preschool education and the training of early childhood education specialists;

(2) advising the State on criteria for awarding funds under section 511(c), section 514(d), section 514(e) and section 515; and

(3) advising the State on criteria for approving local education agency applications under section 513(a).

SEC. 513. LOCAL APPLICATION AND USE OF FUNDS.

(a) **LOCAL APPLICATION.**—Any local educational agency which desires to receive an allotment under this part shall submit to the State educational agency an application which—

(1) describes the needs of such agency with respect to inservice training programs for teachers and preschool and early childhood education specialists, pursuant to the assessment conducted under subsection (b)(2)(A), teacher recruitment, business partnerships, and the provision of other opportunities for teachers to improve their skills;

(2) describes the process used to determine such needs, including consultation with teachers, preschool and early childhood specialists, principals, parents, representatives from departments, schools or colleges of education, and others in the communications;

(3) describes the activities such agency intends to conduct with the funds provided under section 511(b)(3)(A) consistent with the provisions of this section in order to improve the quality of teaching within such agency;

(4) describes the processes and methods used to promote systematic improvement through continual learning in order to achieve agreed upon local, State and National standards; and

(5) any other information that the State educational agency may reasonably require.

(b) LOCAL USES OF FUNDS.—

(1) **IN GENERAL.**—Local educational agencies receiving funds under this part shall use such funds for the inservice training of teachers and preschool and early childhood education specialists and may use funds for—

(A) development of programs to recruit individuals into the teaching profession and the field of early childhood education,

(B) business partnerships, and

(C) other purposes consistent with improving the quality of teaching in the local educational agency, as approved by the State educational agency.

(2) INSERVICE TRAINING.—

(A) In order to receive funds under this part, a local educational agency or a consortium of local educational agencies shall first assess the needs of such agency or agencies for inservice training.

(B) Funds expended for inservice training shall be used for the cost of—

(i) the expansion and improvement of inservice training and retraining of teachers and other appropriate school personnel, including vocational teachers, special education teachers, and preschool teachers, consistent with the assessment conducted under subparagraph (A);

(ii) providing funds for grants projects for individual teachers within the local educational agency to undertake projects to improve their teaching ability or to improve the instructional materials used in their classrooms;

(iii) activities designed to address the effects of chronic community violence on children, such as violence counseling training for teachers and early childhood specialists, and activities and training aimed at resolving conflicts;

(iv) activities designed to enhance the ability of teachers to work with culturally diverse students;

(v) activities designed to integrate academic and vocational education; and

(vi) other activities consistent with the goals of this part as approved by the State educational agency.

(C) Such activities may be carried out through agreements with institutions of higher education, nonprofit organizations, public agencies, and museums.

(D) Activities related to inservice training shall be coordinated with such activities carried out under part A of title II of the Elementary and Secondary Education Act of 1965.

(3) RECRUITMENT OF TEACHERS.—

(A) Local educational agencies may use funds—

(i) to establish, operate, or expand programs to encourage and recruit interested individuals to pursue a

course of study that will lead to a career in education; and

(ii) to establish, operate, or expand a program where such agency recruits students currently enrolled in a school in the local educational agency to be teachers or early childhood education specialists.

(B) Activities under this paragraph may include (but shall not be limited to)—

(i) academic and career counseling of and support services for students;

(ii) programs whereby students act as tutors while they are enrolled in schools in the local educational agency;

(iii) programs whereby students enrolled in institutions of higher education and other individuals tutor students within schools in the local educational agency;

(iv) information and recruitment efforts to attract individuals into the teaching profession; and

(v) programs to support early childhood education efforts at the preschool and school level.

(C) In conducting programs under section 513(b)(3), local educational agencies shall place a priority on recruiting students and individuals from minority groups.

(D) Local educational agencies may conduct programs under section 513(b)(3) in consortia with institutions of higher education.

(4) **BUSINESS PARTNERSHIPS.**—Local educational agencies may use funds to establish partnerships with representatives of the business community to sponsor—

(A) programs which allow representatives of local business or firms to go into the classroom and work with the classroom teacher to provide instruction in subject areas where the expertise of the teacher could be supplemented especially in the subject areas of mathematics, science, and vocational and technology education training;

(B) internship programs which provide an opportunity for classroom teachers to work in local businesses or firms to gain practical experience or to develop new skills or expertise;

(C) programs which bring students and teachers into business settings to see applications of course work and in specialized areas, and to learn to use advanced technical equipment;

(D) programs which allow representatives of local businesses and firms to work with school administrators to develop instructional material; and

(E) other activities appropriate to forming a working relationship between business leaders and classroom leaders.

SEC. 514. STATE USES OF FUNDS.

(a) **IN GENERAL.**—State educational agencies receiving funds under this part shall use such funds for conducting an assessment

of teachers education programs within such State, and may use funds for—

- (1) the establishment of State Academies for Teachers,
- (2) the establishment of State Academies for School Leaders,

and

(3) other purposes consistent with improving the quality of the Nation's teaching force, including efforts to improve the quality and number of preschool and early childhood education specialists, as approved by the Secretary.

(b) **TEACHER EDUCATION STUDY.**—Each State educational agency receiving funds under this part shall, in consultation with institutions of higher education, local educational agencies, teachers, parents, the State legislature, the State board of education, and business, undertake a study of teacher education programs, including programs intended to train preschool and early childhood education specialists, and the State laws and regulations relating to such programs, including any standards or requirements for certification and licensure, in order to determine if such programs and requirements are adequately preparing teachers to effectively educate students. Such study shall include the consideration of the following in order to determine if such programs or requirements—

(1) would be improved if teacher education programs were required to coordinate courses with other departments on campus in order to provide prospective teachers with a strong background in their subject matter;

(2) integrate academic and vocational education instruction;

(3) give enough flexibility in order to allow experimentation and innovation.

(4) would be improved if such programs provided preparation for students desiring to become teachers, but who are pursuing a bachelor's degree in an area of study other than education; and

(5) would be improved if teacher certification required a bachelor's degree in a subject area and a masters degree in education.

(c) **DEADLINES.**—Such study shall be completed by September 30, 1995, and such results shall be reported to the Secretary. Beginning in fiscal year 1996, State educational agencies shall use at least 75 percent of their funds provided under section 511(b)(3)(C) to implement the findings of the study and to assist schools of education throughout the State in meeting any new requirements that result from the study. Pursuant to section 515(b)(5), the State educational agency shall award grants to institutions of higher education to implement the findings of the study.

(d) **STATE ACADEMIES FOR TEACHERS.**—

(1) **COMPETITIVE AWARDS FOR ACADEMIES.**—The State educational agency may use a portion of the State's grant under section 511(b)(3)(C) to make competitive awards to local educational agencies, institutions of higher education, other public and private nonprofit agencies and organizations, or consortia of such agencies, institutions, and organizations, to establish and operate State Academies for Teachers. Such Academies may be operated in cooperation or consortium with those of other States.

(2) **EARLY CHILDHOOD ACADEMIES.**—Each State educational agency may also establish an academy aimed at early childhood education training. Such an academy shall give a priority to recruiting candidates from underrepresented groups in the early childhood education profession and shall provide intensive childhood training in violence counseling.

(3) **AUTHORIZED ACTIVITIES.**—

(A) Each State choosing to establish State academies for teachers may establish a separate academy in each of the 5 core academic subjects (English, mathematics, science, history, and geography) as well as vocational and technology education, or may establish one or several academies which focus on more than one subject. Each academy may have as a focus methods and curricula that stress instruction in applied settings, including the integration of vocational education with the core subject areas of focus for the academy. A State educational agency may establish an early childhood education academy either in addition to or in lieu of a core academic subject area.

(B) Each State Academy for Teachers assisted under this title shall conduct a program of intensive instruction, during the summer or the school year, focusing on the core academic disciplines of English, mathematics, science, history, and geography as well as vocational and technology education. Such instruction shall be provided to current elementary and secondary school teachers.

(C) The instruction provided by each such Academy shall include—

(i) renewal and enhancement of participants' knowledge of one of the five core academic disciplines described in subparagraph (A), except as provided in subsection (a);

(ii) teaching skills and strategies needed to impart academic subject matter to students, including students who are educationally disadvantaged, limited English proficient, or have disabilities, and other students from diverse backgrounds;

(iii) at the Academy's discretion, the use of educational technologies in teaching the core academic disciplines;

(iv) training needed to become a lead teacher or a master teacher in a core subject;

(v) training needed to participate in curriculum development in a core subject;

(vi) training in the development and use of assessment tools; and

(vii) integration of academic and vocational instruction.

(D) Each Academy assisted under this part shall carry out activities consistent with the purpose of this part, which may include—

(i) review of existing teacher enhancement programs to identify the most promising approaches;

(ii) development of a curriculum for use by the Academy;

(iii) review existing systemic improvement strategies and theories to identify the most promising approaches that will achieve a quality education for all students;

(iv) recruitment of teachers within the State to participate in the Academy's program, including, recruitment of—

(I) minority group members;

(II) individuals with disabilities;

(III) individuals from areas with high numbers or concentrations of educationally disadvantaged students; and

(IV) other teachers who have potential for leadership;

(v) follow-up activities for previous participants;

(vi) dissemination of information about the Academy, including the training curricula developed; and

(vii) evaluation of the impact of the Academy on the teaching practices of participants, and other evaluation activities designed to strengthen the Academy's program.

(4) ADDITIONAL ACTIVITIES.—

(A) Each Academy may use a portion of the funds provided for a program of cash awards and recognition to outstanding teachers in the core academic subject or subjects covered by the program of the Academy.

(B) Each Academy choosing to offer the awards under subparagraph (A) shall select teachers to receive awards from nominations received from local educational agencies, public and private schools, teachers, associations of teachers, parents, associations of parents and teachers, businesses, business groups, and student groups.

(C) Any full-time public or private elementary or secondary school teacher of a core academic subject or vocational and technology education subject, including an elementary school teacher of the general curriculum, shall be eligible to receive an award under this subsection.

(D) The Academy shall select award recipients in accordance with criteria developed by the Academy and approved by the State educational agency. The selection criteria may take into account, but are not limited to, teacher's success in—

(i) educating educationally disadvantaged children, such as children with disabilities, children of limited English proficiency, homeless children, or children who are currently or formerly migratory, in a core academic subject or vocational and technology education subject;

(ii) educating gifted and talented students in a core academic subject;

(iii) encouraging students to enroll, and succeed, in advanced classes in a core academic subject or vocational and technology education subject;

(iv) teaching a core academic subject or vocational and technology education subject successfully in schools educating large numbers of educationally disadvantaged students, including schools in low-income inner-city or rural areas;

(v) introducing a new curriculum in a core academic subject or vocational and technology education subject into a school or strengthening an established curriculum;

(vi) acting as a "master teacher" in a core academic subject or vocational and technology education subject; or

(vii) training in violence counseling and conflict resolution.

(E) The amount of a teacher's award under this subsection shall not exceed \$5,000 and shall be available for any purpose the recipient chooses.

(5) **RECIPIENT USE OF FUNDS.**—Each recipient may use a portion of the funds provided to meet the reasonable start-up and initial operating costs of carrying out the activities described in section 305 (a) through (c), which may include stipends and travel and living expenses for teachers who participate in the Academy's program if no other funds are available to pay those costs.

(6) **COST-SHARING.**—Funds received under this subsection may be used to pay up to 75 percent of the cost of a State Academy for Teachers in the first year, 65 percent of such cost in the second year, 55 percent in the third year, 45 percent in the fourth year, and 35 percent in the fifth year. The remaining share shall be provided from non-Federal sources, and may include in-kind contributions, fairly valued.

(e) **STATE ACADEMIES FOR SCHOOL LEADERS.**—

(1) **COMPETITIVE AWARDS FOR ACADEMIES.**—Each State choosing to establish a State Academy for School Leaders shall make competitive awards to local educational agencies, institutions of higher education, other public and private nonprofit agencies and organizations, or consortia of such agencies, institutions, and organizations, to establish and operate a State Academy for School Leaders. A priority for awards shall be given to entities who received funds under subpart 2 of part C of title V of the Higher Education Act as in effect on September 30, 1991. Such Academies may be operated in cooperation or consortium with those of other States.

(2) **AUTHORIZED ACTIVITIES.**—Each Academy assisted under this subsection shall—

(A) identify models and methods of leadership training and development that are promising or have proven to be successful;

(B) develop curricula, which focus on instructional leadership, school-based management, and the design and execution of systemic school improvement strategies and accountability mechanisms leading to achievement of local, State, and national goals and standards, for the development of school leaders;

(C) identify candidates, including members of minority groups, individuals with disabilities, and individuals from schools with high numbers of concentrations of educationally disadvantaged students, to be trained as new school leaders;

(D) provide intensive training and development programs both for persons desiring and demonstrating outstanding promise to become school leaders, and for current school leaders seeking enhanced and up-to-date knowledge needed to perform their jobs effectively, with a special emphasis on violence training and conflict resolution;

(E) identify local educational agencies and schools with principal and other school leader vacancies and work with them to match Academy participants with such vacancies;

(F) as appropriate, facilitate internships for graduates of the program for new school leaders, under the guidance and supervision of experienced administrators;

(G) provide periodic follow-up development activities for school leaders trained through the Academy's programs;

(H) disseminate information about the Academy, including the training curricula developed;

(I) evaluation of the impact of the Academy on the leadership practices of participants, and other evaluation activities designed to strengthen the Academy's program; and

(J) as appropriate, coordinate activities with those of any State academies for teachers established in the State.

(3) **USE OF FUNDS.**—Each recipient of funds under this subsection shall use those funds to meet the reasonable start-up and initial operating costs of carrying out the activities described in paragraph (2), which may include stipends, travel, and living expenses for participants in the Academy if no other funds are available to pay those costs.

(4) **COST-SHARING.**—Funds received under this subsection may be used to pay up to 75 percent of the cost of a State Academy for School Leaders in the first year, 65 percent of such cost in the second year, 55 percent in the third year, 45 percent in the fourth year, and 35 percent in the fifth year. The remaining share shall be provided from non-Federal sources, and may include in-kind contributions, fairly valued.

SEC. 511. INSTITUTIONS OF HIGHER EDUCATION USES OF FUNDS.

(a) **APPLICATIONS.**—Institutions of higher education desiring to receive a grant under section 511(b)(3)(D) shall submit to the State educational agency an application which—

(1) describes the types of activities that the school, college, or department of education plans to undertake with funds provided;

(2) describes the process used by the institution to determine the State's needs for improving teacher education and training for preschool and early childhood education specialists, including consulting with current students, teachers, representatives from local educational agencies, parents, and representatives from preschool and early childhood specialists;

(3) if such institution is applying for a grant to assist local educational agencies in providing inservice training for teachers, describes the training and services that such institution plans to provide for teachers within the local educational agency and demonstrates that such training and services are consistent with the needs of the local educational agencies to be served;

(4) describes how the institution plans to integrate academic and vocational teacher education programs; and

(5) other information that may be required by the State educational agency.

(b) **AWARDS.**—The State educational agency shall award grants on a competitive basis to institutions of higher education that have departments, schools, or colleges of education. In awarding grants, the State educational agency shall award funds for the following purposes:

(1) for institutions of higher education in consultation and cooperation with a local educational agency or a consortium of local educational agencies, to develop and provide technical assistance to local education agencies in providing inservice training for teachers;

(2) for improving teacher education programs in order to further innovation in teacher education programs within an institution of higher education and to better meet the needs of the local educational agencies for well-prepared teachers;

(3) for improving training for preschool and early childhood education specialists, including preschool and early intervention services for infants and toddlers with disabilities, in order to further innovation in such programs with institutions of higher education and to better meet the needs of preschool and early childhood education programs for well-prepared personnel;

(4) to integrate the instruction of academic and vocational teacher education programs;

(5) activities to encourage individuals, especially individuals from minority groups, to pursue a career in education; and

(6) when the study of teacher education programs is completed under section 514, to implement the new requirements for teacher education programs.

SEC. 516. FEDERAL FUNDS TO SUPPLEMENT, NOT SUPPLANT REGULAR NON-FEDERAL FUNDS.

A State educational agency, local educational agency, or institution of higher education may use funds received under this part only so as to supplement and, to the extent practicable, increase the level of funds that would be available from non-Federal sources for the uses of funds under this part and in no case may such funds be so used as to supplant such funds from such non-Federal sources.

SEC. 517. COORDINATION WITH OTHER PROGRAMS.

If a State educational agency receives funding under the Neighborhood Schools Improvement Act, then the State educational agency shall ensure that activities conducted under this part shall be consistent with the goals and objectives of the State plan under section 8006 of such Act.

PART B—TEACHER SCHOLARSHIPS AND FELLOWSHIPS

Subpart 1—Paul Douglas Teacher Corps Scholarships

SEC. 521. PURPOSE.

It is the purpose of this subpart to make available, through grants to the States, scholarships to individuals who are outstanding high school graduates and who demonstrate an interest in teaching, in order to enable and encourage those individuals to pursue teaching careers in education at the preschool, elementary, or secondary level, and to encourage women and minorities who are underrepresented in the fields of science and mathematics to pursue teaching careers in these fields. Such scholarships shall be referred to as Paul Douglas Teacher Corps Scholarships.

SEC. 522. ALLOCATION AMONG STATES.

From the sums appropriated for this subpart for any fiscal year, the Secretary shall allocate to any State an amount based on the school-age population in all States. In making such allotments, the Secretary shall use the most recent data available.

SEC. 523. GRANT APPLICATIONS.

(a) SUBMISSION OF APPLICATIONS.—The Secretary is authorized to make grants to States in accordance with the provisions of this subpart. In order to receive a grant under this subpart, a State shall submit an application at such time or times, in such manner, and containing such information as the Secretary may prescribe by regulation. Such application shall set forth a program of activities for carrying out the purposes of this subpart in such detail as will enable the Secretary to determine the degree to which such program will accomplish such purposes and such other policies, procedures, and assurances as the Secretary may require by regulation.

(b) CONTENT OF APPLICATIONS.—The Secretary shall approve an application under this subpart only if the application—

(1) describes the selection criteria and procedures to be used by the State in the selection of scholarship recipients;

(2) designates the State agency which administers the program under subpart 4 of part A of title IV, relating to State student incentive grants, or the State agency with which the Secretary has an agreement under section 428(b);

(3) describes the outreach effort the State agency intends to use to publicize the availability of Paul Douglas Teacher Corps Scholarships to high school students in the State;

(4) provides assurance that each recipient eligible under section 525(b) who receives a Paul Douglas Teacher Corps Scholarship shall enter into an agreement with the State agency under which the recipient shall—

(A) within the 10-year period after completing the postsecondary education for which the Paul Douglas Teacher Corps Scholarship was awarded, teach for a period of not less than 2 years for each year for which assistance was received, in a public or private nonprofit preschool, elementary, or secondary school in any State, or, on a full-time basis, children with disabilities or children with limited English proficiency in a private nonprofit school, except

that, in the case of (i) individuals who teach in a shortage area established by the Secretary pursuant to section 530, or (ii) individuals from minority groups who teach in public or private nonprofit elementary or secondary schools in any State where there are significant numbers of minority students enrolled, the requirements of this subparagraph shall be reduced by one-half;

(B) provide the State agency evidence of compliance with section 527 as required by the State agency; and

(C) repay all or part of a Paul Douglas Teacher Corps Scholarship received under section 524 plus interest and, if applicable, reasonable collection fees, in compliance with regulations issued by the Secretary under section 527, in the event that the conditions of subparagraph (A) are not complied with, except as provided for in section 528;

(5) provides that the agreement entered into with recipients shall fully disclose the terms and conditions under which assistance under this subpart is provided and under which repayment may be required including—

(A) a description of the procedures required to be established under paragraph (6); and

(B) a description of the appeals procedures required to be established under paragraph (7) under which a recipient may appeal a determination of noncompliance with any provision under this subpart;

(6) provides for procedures under which a recipient of assistance received under this part who teaches for less than the period required under paragraph (4)(A) will have the repayment requirements reduced or eliminated consistent with the provisions of sections 527 and 528;

(7) provides for appeals procedures under which a recipient may appeal any determination of noncompliance with any provision under this part; and

(8) provides assurances that the State agency shall make particular efforts to attract students from low-income backgrounds; ethnic and racial minority students; students with disabilities; other individuals from groups historically underrepresented in teaching; individuals who express a willingness or desire to teach in rural schools, urban schools, or schools having less than average academic results or serving large numbers of economically disadvantaged students; c students who show interest in pursuing teaching careers in science and mathematics, especially women and minorities who are underrepresented in these fields.

(c) **SELECTION CRITERIA AND PROCEDURES.**—The State educational agency, in cooperation with the State higher education agency, and pursuant to scholarship selection criteria included in section 525, shall establish criteria to select Paul Douglas Teacher Corps Scholarship recipients. These criteria shall be intended to attract highly qualified individuals into teaching, to ensure that these students are enrolled in approved teacher education programs, and to meet the needs of States in addressing teacher shortages, including a demonstrated interest in teaching, or skill or professional experience

in fields of expertise in which the State is experiencing teacher shortages.

(d) **SPECIAL CONSIDERATION.**—The State educational agency, in cooperation with the State higher education agency, shall give special consideration in the selection of teacher corps members to individuals who—

(1) intend to teach or provide related services to students with disabilities;

(2) intend to teach limited English proficient students;

(3) intend to teach preschool age children;

(4) intend to teach in schools servicing inner city or rural or geographically isolated areas (as defined by the Secretary by regulations consistent with the purposes of this section); or

(5) intend to teach in curricular areas or geographic areas where there are demonstrated shortages of qualified teachers.

(e) **PRIORITY CONSIDERATION.**—The State educational agency shall give priority consideration in the selection of individuals from disadvantaged backgrounds, including racial and ethnic minorities and individuals with disabilities, who are underrepresented in the teaching profession or in the curricular areas in which they are preparing to teach.

(f) **SOLICITATION OF VIEWS ON SELECTION CRITERIA AND PROCEDURES.**—In developing the selection criteria and procedures to be used by the State, the State shall solicit the views of local educational agencies, private educational institutions, and other interested parties. Such views—

(1) shall be solicited by means of (A) written comments; and (B) publication of proposed selection criteria and procedures in final form for implementation; and

(2) may be solicited by means of (A) public hearings on the teaching needs of elementary and secondary schools in the State (including the number of new teachers needed, the expected supply of new teachers, and the shortages in the State of teachers with specific preparation); or (B) such other methods as the State may determine to be appropriate to gather information on such needs.

SEC. 524. AMOUNT AND DURATION OF AND RELATION TO OTHER ASSISTANCE.

(a) **LIMITATIONS ON AMOUNT AND DURATION.**—Subject to subsection (c) each Paul Douglas Teacher Corps Scholar shall receive a \$5,000 scholarship for each academic year of postsecondary education for study in preparation to become a preschool, special education, elementary, or secondary teacher. No individual shall receive scholarship assistance for more than 4 years of postsecondary education, as determined by the State agency.

(b) **CONSIDERATION OF AWARD IN OTHER PROGRAMS.**—Notwithstanding the provisions of title IV of this Act, scholarship funds awarded pursuant to this part shall be considered in determining eligibility for student assistance under title IV of this Act.

(c) **ASSISTANCE NOT TO EXCEED NEED.**—Paul Douglas Teacher Corps Scholarship assistance awarded by the statewide panel established pursuant to section 525(a) to any individual in any given year, which added to assistance received under title IV of this Act,

shall not exceed the cost of attendance, as defined in section 472 of this Act, at the institution the individual is attending. If the amount of the Paul Douglas Teacher Corps Scholarship assistance and assistance received under title IV of this Act, exceeds the cost of attendance, the Paul Douglas Teacher Corps Scholarship shall be reduced by an amount equal to the amount by which the combined award exceed the cost of attendance.

(d) **ASSISTANCE NOT TO EXCEED COST OF ATTENDANCE.**—No individual shall receive an award under the Paul Douglas Teacher Corps Scholarship established under this subpart, in any academic year, which exceeds the cost of attendance, as defined in section 472 of this Act, at the institution the individual is attending.

SEC. 525. SELECTION OF PAUL DOUGLAS TEACHER CORPS SCHOLARS.

(a) **SELECTION BY STATEWIDE PANELS.**—Paul Douglas Teacher Corps Scholars shall be selected by a 7-member statewide panel appointed by the chief State elected official, acting in consultation with the State educational agency, or by an existing grant agency or panel designated by the chief States elected official and approved by the Secretary of Education. The statewide panel shall be representative of school administrators, teachers, including preschool and special education teachers, and parents.

(b) **ELIGIBILITY FOR SELECTION; SELECTION CRITERIA AND PROCEDURES.**—Selections of Paul Douglas Teacher Corps Scholars shall be made from students who have graduated or who are graduating from high school and who rank in the top 15 percent of their graduating class. The State educational agency shall make applications available to public and private nonprofit high schools in the State and in other locations convenient to applicants, parents, and others. The statewide panel shall develop criteria and procedure for the selection of Paul Douglas Teacher Corps Scholars. Such criteria may include the applicant's high school point average, involvement in extracurricular activities, financial need, and expression of interest in teaching as expressed in an essay written by the applicant. The panel may also require the applicant to furnish letters of recommendation from teachers and others. Special consideration shall be afforded to women and minorities who are underrepresented in the fields of science and mathematics and are seeking to enter the teaching profession in these fields.

(c) **WAIVERS.**—For purposes of making priority considerations in section 523(d) States may waive certain criteria in section 525(b) for up to 25 percent of individuals receiving Paul Douglas Teacher Corps Scholarships.

SEC. 526. SCHOLARSHIP CONDITIONS.

Recipients of scholarship assistance under this subpart shall continue to receive such scholarship payments only during such periods that the State agency finds that the recipient is—

- (1) enrolled as a full-time student in an accredited postsecondary institution;
- (2) pursuing a course of study leading to teacher certification; and
- (3) maintaining satisfactory progress as determined by the postsecondary institution the recipient is attending.

SEC. 527. SCHOLARSHIP REPAYMENT PROVISIONS.

Recipients found by the State agency to be in noncompliance with the agreement entered into under section 523(b)(4) of this subpart shall be required to repay a pro rata amount of the scholarship awards received, plus interest and, where applicable, reasonable collection fees, on a schedule and at a rate of interest to be prescribed by the Secretary by regulations issued pursuant to this subpart.

SEC. 528. EXCEPTIONS TO REPAYMENT PROVISIONS.

(a) **DEFERRAL DURING CERTAIN PERIODS.**—A recipient shall not be considered in violation of the agreement entered into pursuant to section 523(b)(4) during any period in which the recipient—

(1) is pursuing a full-time course of study related to the field of teaching at an eligible institution;

(2) is serving, not in excess of 3 years, as a member of the armed services of the United States;

(3) is temporarily totally disabled for a period of time not to exceed 3 years as established by sworn affidavit of a qualified physician;

(4) is unable to secure employment of a period not to exceed 12 months by reason of the care required by a spouse who is disabled;

(5) is seeking and unable to find full-time employment for a single period not to exceed 12 months;

(6) is seeking and unable to find full-time employment as a teacher in a public or private nonprofit preschool, elementary or secondary school, or a public or private nonprofit preschool, education program for a single period not to exceed 27 months; or

(7) satisfies the provisions of additional repayment exceptions that may be prescribed by the Secretary in regulations issued pursuant to this subpart.

(b) **FORGIVENESS IF PERMANENTLY TOTALLY DISABLED.**—A recipient shall be excused from repayment of any scholarship assistance received under this subpart if the recipient becomes permanently totally disabled as established by sworn affidavit of a qualified physician.

SEC. 529. FEDERAL ADMINISTRATION OF STATE PROGRAMS; JUDICIAL REVIEW.

(a) **DISAPPROVAL HEARING REQUIRED.**—The Secretary shall not finally disapprove any application for a State program submitted under section 523, or any modification thereof, without first affording the State agency submitting the program reasonable notice and opportunity for a hearing.

(b) **SUSPENSION OF ELIGIBILITY.**—Whenever the Secretary, after reasonable notice and opportunity for hearing to the State agency administering a State program approved under this subpart, finds—

(1) that the State program has been so changed that it no longer complies with the provisions of this subpart, or

(2) that in the administration of the program there is a failure to comply substantially with any such provisions, the Secretary shall notify such State agency that the State will not be regarded as eligible to participate in the program under this sub-

part until the Secretary is satisfied that there is no longer any such failure to comply.

(c) **COURT REVIEW.**—(1) If any State is dissatisfied with the Secretary's final action under subsection (b) (1) or (2), such State may appeal to the United States court of appeals for the circuit in which such State is located. The summons and notice of appeal may be served at any place in the United States. The Secretary shall forthwith certify and file in the court the transcript of the proceedings and the record on which the action was based.

(2) The findings of fact by the Secretary, if supported by substantial evidence, shall be conclusive; but the court, for good cause shown, may remand the case to the Secretary to take further evidence, and the Secretary may thereupon make new or modified findings of fact and may modify any previous action, and shall certify to the court the transcript and record of further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

(3) The court shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code.

SEC. 530. DESIGNATION OF SHORTAGE AREAS.

For the purposes of this part, the term "shortage areas" means (1) geographic areas of the State in which there is a shortage of elementary and secondary school teachers, and (2) an area of shortage of elementary and secondary school teachers in specific grade levels and in specific academic, instructional, subject matter, and discipline classifications. Such shortage areas shall be prescribed by the Secretary, in consultation with the chief State school officer or, in the case of nonprofit private elementary or secondary schools, with appropriate officials of nonprofit private schools in each State in accordance with this section. In carrying out the provision of this section, the Secretary shall give special consideration to areas in which emergency certification of individuals in a State is being used to correct teacher shortages; and to States which have retirement laws permitting early retirement.

Subpart 2—Christa McAuliffe Fellowship Program

SEC. 531. DECLARATION OF PURPOSE; DESIGNATION.

(a) **PURPOSE.**—It is the purpose of this subpart to establish a national fellowship program for outstanding teachers.

(b) **DESIGNATION.**—Individuals awarded fellowships under this subpart shall be known as "Christa McAuliffe Fellows".

SEC. 532. USE OF FUNDS FOR FELLOWSHIPS AND ADMINISTRATION.

Funds appropriated for any fiscal year for fellowships to outstanding teachers under this subpart shall be used to award fellowships in accordance with the requirements of this subpart, except that not more than 3 percent of such funds shall be used for purposes of administering this subpart, including activities authorized under section 537.

SEC. 533. CHRISTA MCAULIFFE FELLOWSHIPS.

(a) **AWARD DISTRIBUTION AND AMOUNTS.**—(1) Except as provided under paragraph (3), sums available for the purpose of this subpart shall be used to award one national teacher fellowship to a public or private school teacher teaching in each congressional district of each State, and in the District of Columbia, and the Commonwealth of Puerto Rico; and one such fellowship in Guam, the Virgin Islands, American Samoa, the Northern Mariana Islands, and Palau.

(2) Fellowship awards may not exceed the average national salary of public school teachers in the most recent year for which satisfactory data are available, as determined by the Secretary. Christa McAuliffe teacher fellows may not receive an award for 2 consecutive years. Subject to the repayment provisions of section 536, Christa McAuliffe teacher fellows shall be required to return to a teaching position in their current school district or private school system for at least 2 years following the fellowship award.

(3) If the appropriation for this subpart under section 502(b) is not sufficient to provide the number of fellowships required by paragraph (1) at the level required under paragraph (2), the Secretary shall determine and publish an alternative distribution of fellowships which will permit fellowship awards at that level and which is geographically equitable. The Secretary shall send a notice of such determination to each of the statewide panels established under section 534.

(b) **USE OF AWARDS.**—Christa McAuliffe teacher fellows may use such awards for such projects for improving education as the Secretary may approve, including (1) sabbaticals for study or research directly associated with the objectives of this part, or academic improvement; (2) consultation with or assistance to other school districts or private school systems; (3) development of special innovative programs; (4) model teacher programs and staff development; (5) projects or partnerships that involve the business community and the schools; or (6) programs that incorporate the use and the sharing of technologies to help students learn.

SEC. 534. SELECTION OF CHRISTA MCAULIFFE TEACHER FELLOWSHIPS.

Recipients of Christa McAuliffe teacher fellowships in each State shall be selected (in accordance with section 535) by a 7-member statewide panel appointed by the chief State elected official, acting in consultation with the State educational agency, or by an existing panel designated by the chief State elected official and approved by the Secretary. The statewide panel shall be representative of school administrators, teachers, parents, and institutions of higher education.

SEC. 535. EVALUATION OF APPLICATIONS.

(a) **SUBMISSION TO AND REVIEW BY STATEWIDE PANEL.**—An applicant for Christa McAuliffe teacher fellowship assistance shall submit a proposal for a project under section 533(b), and shall indicate the extent to which the applicant wishes to continue current teaching duties. The applicant shall submit such a proposal to the local education agency for comment prior to submission to the statewide panel (appointed under section 534) for the State within which the proposed project is to be conducted. In evaluating proposals, such statewide panel shall consult with the local education agency,

requesting 2 recommendations from teaching peers; a recommendation from the principal; and a recommendation of the superintendent on the quality of the proposal and its benefit to education; and any other criteria for awarding fellowships as is considered appropriate by such statewide panel. Selection of fellows shall be made in accordance with regulations prescribed by the Secretary of Education.

(b) **PUBLIC ANNOUNCEMENT.**—Announcement of awards shall be made in a public ceremony.

SEC. 536. FELLOWSHIP REPAYMENT PROVISIONS.

Repayment of the award shall be made available to the Federal Government in the case of fraud or gross noncompliance.

SEC. 537. INFORMATION DISSEMINATION.

The Secretary shall establish a clearinghouse or otherwise provide for the collection and dissemination of information on exemplary projects for improving education that receive funds under section 533(b) of this part. The Secretary may utilize the National Diffusion Network in carrying out the requirements of this section.

PART C—NATIONAL PROGRAMS

Subpart 1—National Mini Corps Programs

SEC. 541. NATIONAL MINI CORPS.

(a) **PROGRAM AUTHORIZED.**—The Secretary is authorized to make grants to institutions of higher education to establish partnerships with local educational agencies to carry out the purposes of the National Mini Corps Program.

(b) **DEFINITIONS.**—As used in this subpart—

(1) the term “individual” has the same meaning (A) as defined under section 417(a)(d) of this Act or (B) as defined under section 418A(c)(1) of this Act; and

(2) the term “children” means children who are eligible to receive services under chapter 1 of title I of the Elementary and Secondary Education Act of 1965 and migrant children.

(c) **PURPOSE OF THE PROGRAM.**—It is the purpose of the National Mini Corps Program to—

(1) provide individuals who are enrolled or plan to enroll in an institution of higher education with advisement, training, and instructional services, and to be role models for children;

(2) provide outreach and recruitment services to encourage children to enroll in tender education programs;

(3) provide support and instructional services to individuals who are enrolled in an institution of higher education to enable such individuals to provide direct instructional services, which are coordinated with the overall educational goals of the State or local educational agency, to children eligible to receive services under chapter 1 of title I of the Elementary and Secondary Education Act of 1965 during the regular or summer term, including:—

(A) lessons and provision of materials that meet the academic needs of children in the classroom;

(B) supplemental instruction to reinforce the basic skills and concepts provided through instruction by the teacher; and

(C) instruction in other subject areas.

(4) designate college coordinators at participating institutions of higher education to train, supervise, and assign individuals to carry out the activities of this subpart in cooperation with State and local educational agencies in which children with special needs have been identified; and

(5) support other appropriate activities related to encouraging individuals to enter the teaching profession and to provide a link to the community.

(d) **APPLICATION REQUIRED.**—Institutions of higher education desiring to receive a grant under this subpart shall submit an application to the Secretary which shall include—

(1) a written partnership agreement with the State and local educational agency in which the children have been identified for participation in the activities under this subpart;

(2) a description of the strategies that will be employed to engage the community generally in the activities and programs supported by the programs under this subpart;

(3) a description of the process by which individuals will be recruited and selected to participate in the National Mini Corps;

(4) a description of the programs and activities which will be supported by the programs under this subpart; and

(5) such other information as the Secretary considers necessary to determine the nature of the local needs, the quality of the proposed Mini Corps Program, and the capability of the applicant to implement the proposed Mini Corps Program.

(e) **AWARDING OF GRANTS.**—In awarding grants under this subpart, the Secretary shall ensure, to the extent practicable, that—

(1) grants are equitably distributed on a geographic basis throughout the Nation and among a variety of communities; and

(2) the amount of the grant awarded is proportionate to the number of individuals and children who, on the basis of the grant application, are expected to be involved in the programs and activities supported by the National Mini Corps.

(f) **USES OF FUNDS.**—Funds provided under this part may be used for planning, implementing and operating a National Mini Corps Program; except that not more than 15 percent of any grant received under this part may be used for administrative costs.

Subpart 2—National Teacher Board

SEC. 546. NATIONAL BOARD FOR PROFESSIONAL TEACHING STANDARDS.

(a) **DEFINITIONS.**—For the purpose of this subpart—

(1) The term "Board" means the National Board for Professional Teaching Standards.

(2) The term "Committee" means the Fund for Improvement and Reform of Schools and Teaching Board established in section 3231 of the Fund for the Improvement and Reform of Schools and Teaching Act.

(3) The term "elementary school" has the same meaning given that term in section 1471(8) of the Elementary and Secondary Education Act of 1965.

(4) The term "secondary school" has the same meaning given that term in section 1471(21) of the Elementary and Secondary Education Act of 1965.

(5) The term "Secretary" means the Secretary of Education.

(b) PROGRAM AUTHORIZATION.—

(1) **PROGRAM AUTHORIZED.**—From sums appropriated under section 502(c)(2) in any fiscal year, the Secretary is authorized and directed, in accordance with this subpart, to provide financial assistance to the National Board for Professional Teaching Standards, in order to pay the Federal share of the costs of the activities described in subsection (d).

(2) **TERMS AND CONDITIONS.**—(A) No financial assistance may be made available under this subpart except upon an application as required by subsection (e).

(B) No financial assistance may be made available under this subpart unless the Secretary determines that—

(i) the Board will comply with the provisions of this subpart;

(ii) the Board will use the Federal funds only for research and development activities in accordance with subsection (d) and such teacher assessment and certification procedures will be free from racial, cultural, gender or regional basis;

(iii) the Board—

(I) will widely disseminate for review and comment announcements of specific research projects to be conducted with Federal funds, including a description of the goals and focus of the specific project involved and the specific merit review procedures and evaluation criteria to be used in the competitive award process; and

(II) will send such announcements to the Secretary of Education, the Director of the National Science Foundation, the National Research Council, and the education research community;

(iv) the Secretary, pursuant to an arrangement with the Board, will publish the announcement described in clause (iii) in the Federal Register (or such other publication deemed appropriate by the Secretary) and in publications of general circulation designed to disseminate such announcements widely to the educational research community;

(v) the Board will, after offering any interested party an opportunity to make comment upon, and take exception to, the projects contained in the announcements described in clause (iii) for a 30-day period following publication, and after reconsidering any project upon which comment is made or to which exception is taken, through the Secretary issue a request for proposals in the Federal Register (or such other publication deemed appropriate by the Secretary) containing any revised project information;

(vi) the Board will make awards of Federal funds competitively on the basis of merit, and, in the award process,

the Board will select, to the extent practicable consistent with standards of excellence—

(I) a broad range of institutions associated with educational research and development; and

(II) individuals who are broadly representative of the educational research and teaching communities with expertise in the specific area of research and development in question;

(vii) the Board will adopt audit practices customarily applied to nonprofit private organizations and will comply with subsection (g)(3);

(viii) the Board will not use Federal funds to meet the administrative and operating expenses of the Board;

(ix) the Board will submit an annual report to Congress in accordance with the provisions of subsection (g)(1); and

(x) the Board will, upon request, disseminate to States, local educational agencies, or other public educational entities the results of any research or research project produced with funds authorized by this part, upon the payment of the cost of reproducing the appropriate material.

(3) **AVAILABILITY OF FUNDS.**—(A) Notwithstanding any other provision of law, funds appropriated to carry out this subpart shall remain available for obligation and expenditure until the end of the second fiscal year succeeding the fiscal year for which the funds were appropriated.

(B) No funds shall be made available to the Board after September 30, 1997, except as authorized by paragraph (1) of this subsection.

(c) **CONSULTATION.**—The Board shall consult at least twice annually with the Committee on the design and execution of its overall research and development strategy, including procedures to assure compliance with the requirements of this subpart. The procedures shall include—

(1) an outline of specific research and development agenda and activities to be conducted with the Federal funds; and

(2) provisions to ensure compliance with the open competition and merit review requirements of this subpart for proposals and projects assisted under this subpart.

(d) **AUTHORIZED ACTIVITIES.**—

(1) **IN GENERAL.**—Federal funds received under this subpart may only be used for research and development activities directly related to the development of teacher assessment and certification procedure for elementary and secondary school teachers.

(2) **PRIORITY.**—(A) The Board shall give priority to research and development activities in—

(i) mathematics;

(ii) the sciences;

(iii) foreign languages; and

(iv) literacy, including the ability to read, write and analyze.

(B) The Board shall give priority to research and development activities for the certification of elementary and secondary school teachers and the need and ability of such teachers to teach special educational populations, including—

- (i) *limited English proficient children;*
- (ii) *gifted and talented children;*
- (iii) *children with disabilities; and*
- (iv) *economically and educational disadvantaged children.*

(e) APPLICATION.—

(1) IN GENERAL.—The Board shall submit applications to the Secretary at such time and in such manner as the Secretary may reasonably require. Each such application shall—

(A) describe the activities for which assistance is sought; and

(B) provide assurances that the non-Federal share of the cost of activities of the Board is paid from non-Federal sources, together with a description of the manner in which the Board will comply with the requirements of this paragraph.

(2) APPROVAL.—The Secretary shall approve an application unless such application fails to comply with the provisions of this subpart.

(f) FEDERAL SHARE.—

(1) IN GENERAL.—The Secretary shall pay to the Board the Federal share of the costs of the activities of the Board for the period for which the application is approved under subsection (e).

(2) AMOUNT OF FEDERAL SHARE.—The Federal share shall be 50 percent of the costs of the activities described in subsection (d).

(g) REPORTS AND AUDITING PROVISION.—

(1) NATIONAL BOARD FOR PROFESSIONAL TEACHING STANDARDS REPORT.—The Board shall submit an annual report to the appropriate committees of the Congress not later than December 31, 1993, and each succeeding year thereafter for any fiscal year in which Federal funds are expended pursuant to this subpart. The Board shall disseminate the report for review and comment to the Department of Education, the National Science Foundation, the National Research Council, and the education research community. The report shall—

(A) include a detailed financial statement and a report of the audit practices described in subsection (d)(3)(B)(vii);

(B) include a description of the general procedures to assure compliance with the requirements of this subpart as required in subsection (d); and

(C) provide a comprehensive and detailed description of the Board's agenda, activities, and planned activities for the preceding and succeeding fiscal years, including—

(i) the Board's overall research and development program and activities;

(ii) the specific research and development projects and activities conducted with Federal funds during the preceding fiscal year, including—

(I) a description of the goals and methodology of the project;

(II) a description and assessment of the findings (or status and preliminary findings if project is not yet completed);

(III) a description of the competitive bidding process, the merit review procedures, and the evaluation criteria used to award project funds; and

(IV) a description of the Board's plans for dissemination of the findings described in clause (ii);
 (iii) the specific research and development projects and activities planned to be conducted with Federal funds during the succeeding fiscal year, including the goals and methodologies to be used; and

(iv) a listing of available publications of the Board, including publications related to policies, standards and general information, research reports, and commissioned papers of the Board.

(2) **FIRST ANNUAL REPORT.**—The first annual report required by this subsection shall include a description of the Board's research and development agenda for the succeeding 5-year period. Such first report shall include to the maximum extent practicable, a description of specific research and development projects and activities, and the goals and methodologies of such projects and activities.

(3) **ADDITIONAL REPORTS.**—The Department of Education, the National Science Foundation, and the National Research Council shall report to the appropriate committees of the Congress on the compliance of the Board with the requirements of this part not later than 30 days after the Board submits its annual report pursuant to paragraph (1).

(4) **AUDITING PROVISION.**—The Comptroller General of the United States, and any of his authorized representatives, shall have access, for the purpose of audit and examination, to any books, documents, papers, and records of the Board, and to any recipient of the Board, that is pertinent to the sums received and disbursed under this subpart.

(h) EVALUATION.—

(1) **IN GENERAL.**—After September 30, 1995, the Secretary shall reserve not more than 2 percent of the amount appropriated pursuant to the authority of section 502(c)(2) to provide for an independent, ongoing evaluation of the research program of teacher assessments carried out by the Board and the fairness and the accuracy of the data such evaluations produce. The evaluation shall include an analysis of the impact of teacher assessments on minority teachers. The findings of the evaluation shall be submitted to the Labor and Human Resources Committee of the Senate and the Education and Labor Committee of the House of Representatives.

(2) **SPECIAL RULE.**—The Secretary shall enter into a contract for the performance of the evaluation described in subsection (a) with a nationally recognized organization (such as the National Academy of Sciences or the National Academy of Education).

(i) **CONSTRUCTION.**—Nothing in this subpart shall be construed to—

(1) establish a preferred national curriculum or preferred teaching methodology for elementary and secondary school instruction;

(2) infringe upon the rights and responsibilities of the States to license elementary and secondary school teachers;

(3) infringe upon the practice or accreditation of home school or private school teaching;

(4) provide an individual certified by the Board with a right of action against a State, local educational agency, or other public educational entity for any decisions related to hiring, promotion, retention or dismissal; or

(5) authorize the Secretary to exercise supervision or control over the research program, standards, assessment practices, administration, or staffing policies of the Board.

Subpart 3—Partnerships for Innovative Teacher Education

SEC. 551. FINDINGS.

The Congress finds as follows:

(1) All students must master challenging subject matter and learn to be critical thinkers and self-directed learners, so that they will be prepared for responsible citizenship, further learning, and productive employment in our modern economy.

(2) Teachers must have a thorough understanding of the content they teach and knowledge and skill in how to teach it to all students.

(3) Teachers learn to teach most effectively in clinical, school-based settings with prospective and novice teachers working under the guidance of master teachers.

(4) Highly skilled and effective teachers and specialists at all levels of the education system are needed, especially in programs serving very young (early childhood and preschool aged) children.

(5) Research and development for improving teaching practices and student learning can and should be done by and with teachers for use in their particular schools.

(6) School-based research and development is an effective way to generate knowledge that is needed for improving teaching and learning.

(7) To be effective, training provided prospective teachers by institutions of higher education must be responsive to the needs of schools and teachers.

(8) The business community has an important role to play in encouraging school-based research and development to improve teaching and learning.

(9) American education needs a comprehensive reform strategy based on 3 principles: creation of a supportive political structure for sustained, school-level change; school-wide interventions that engage the teachers, students, and members of the wider school community in more powerful learning; and promotion of research and development that is close to the action of teaching and learning, but that draws on the best intellectual resources that the Nation has to offer.

(10) Sustained collaborations between universities, schools, businesses, communities, and Government will provide the means to improve teaching and learning and to support change over the long run.

SEC. 552. PURPOSE.

It is the purpose of this subpart to stimulate the development of capacity for educational innovation through assisting in the establishment of teaching schools for the improvement of teacher education and teaching by providing financial assistance to partnerships involving institutions of higher education, elementary, and secondary schools and, where appropriate preschools, local educational agencies, and the business community with the support and collaboration of the State educational agency, of other educational organizations, social or human service agencies, and other community organizations.

SEC. 553. PROGRAM AUTHORITY.

(a) **AUTHORITY.**—The Secretary is authorized to make grants to, and enter into contracts and cooperative agreements with, eligible entities to plan, establish, and operate teaching schools to develop and put into practice the best knowledge about teaching.

(b) **DEFINITIONS.**—For the purpose of this subpart—

(1) the term “teaching school” means a public preschool, elementary, or secondary school whose mission, in addition to providing the best possible education to its students, is to provide a site for formal collaboration between 1 or more institutions of higher education and the school for the purpose of—

(A) the training of prospective and beginning teachers (including preschool and early childhood education specialists, where appropriate) under the guidance of master teachers and teacher educators;

(B) the continuing developing of experienced teachers;

(C) research and development to improve teaching and learning and the organization of schools;

(D) public demonstration of exemplary learning programs for diverse students; and

(E) dissemination of knowledge produced in the research and development process;

(2) the term “institution of higher education” shall have the same meaning as defined in section 1201(a) of this Act; and

(3) the term “eligible entity” means a partnership that includes the participation of at least one institution of higher education, at least one local educational agency, teachers, and the business community, and may include the State educational agency.

(c) **AWARDS AND RENEWALS.**—

(1)(A) An award made under this subpart shall be for a term of 1 year.

(B) An award made under this part may be in the form of a one-year planning grant or a one-year implementation grant. An implementation grant may be renewed without further competition annually for up to 4 additional years, upon submission of an evaluation of the project to the Secretary and assurances that the recipient—

(i) has achieved the goals set out in its application for the original term;

(ii) show promise of continuing its progress;

(iii) will meet its share of the project costs; and

(iv) has developed a plan for continuing the teaching school after Federal funding is no longer available.

(2) No teaching school may be supported with implementation grant funds provided under this part for a period of more than 3 years.

SEC. 554. APPLICATIONS.

(a) **APPLICATIONS.**—(1) Any eligible entity desiring to receive an award under this part shall submit an application to the Secretary, at such time, in such manner, and containing such information as the Secretary may require.

(2) Each such application shall include—

(A) a description of the partnership's plan for systemic change in education, and a description of the activities and services for which assistance is sought;

(B) an identification of the preschool, elementary, or secondary school, or schools, that will operate as teaching schools;

(C) assurances that in establishing the teaching schools, the applicant has consulted with teachers, administrators, and parents who will be affected at the teaching school site;

(D) an identification of the institution, or institutions, of higher education that will be the partner in each teaching school and a description of each institution's capacity to engage in education innovation;

(E) a statement of the goals to be achieved during the initial period of the award including a statement of the partnership's understanding of and commitment to higher quality teaching and learning;

(F) a plan for monitoring progress and evaluating the effectiveness of the teaching school in meeting the goals it has developed for teacher and student performance; and

(G) estimates of the number of prospective and beginning teachers to be trained in the teaching school in each year of the project and assurances that a significant number of prospective and beginning teachers will be trained in the teaching school in each year of the project.

(b) **PRIORITIES.**—In making awards under this part, the Secretary shall give priority to applicants that--

(1) select teaching school sites based on need, as evidenced by such measures as a high rate of teacher attrition or a high proportion of the student body at risk of educational failure;

(2) propose projects that demonstrate the strong commitment to or previous active support for educational innovation;

(3) propose projects that demonstrate collaboration with other educational organizations, social or human service agencies, other community organizations, and the business community in the teaching school's operation;

(4) demonstrate potential for a significant impact on the quality of the future education work force; and

(5) demonstrate the long-term feasibility of the partnership.

(c) **SPECIAL RULES.**—An application from a partnership must describe—

(1) how the State will assist the partnership by addressing the need to change or waive a State rule or regulation that is found by a teaching school to impede the school's progress in achieving its goals;

(2) how the local educational agency will address the need to change or waive a local rule or regulation that is found by a teaching school to impede the school's progress in achieving its goals; and

(3) how partners that are institutions of higher education will involve the School of Education, the School of Arts and Sciences, and the School of Technology or Engineering and any other department of the institution.

SEC. 555. USES OF FUNDS.

(a) **USES OF FUNDS.**—

(1) Applicants may use funds awarded under this part for the planning, establishment, and operation of teaching schools, including—

(A) staff development;

(B) purchase of books, materials, and equipment, including new technology;

(C) minor remodeling;

(D) payment of personnel directly related to the operation of the teaching school program;

(E) participation in the activities of a network of teaching schools;

(F) other costs incidental to planning establishing, or operating teaching schools; and

(G) the evaluation component required in section 533(c)(1)(B).

(2) The Secretary may limit the amounts of funds that may be used for minor remodeling and the purchase of equipment under this part.

(b) **AUTHORIZED ACTIVITIES.**—Teaching schools shall use funds under this part for the following activities;

(1) Training activities for prospective teachers in the school setting.

(2) Internship training and other induction activities for prospective and beginning teachers.

(3) Activities to integrate academic and vocational education.

(4) Training and other activities to promote the continued learning of experienced teachers, especially in their subject matter knowledge and how to teach it.

(5) Participation of experienced teachers in the internship training and assessment of prospective and beginning teachers.

(6) Participation of higher education faculty with expertise in pedagogy in the school-based training and continuing development of teachers.

(7) Activities designed to increase beginning and experienced teachers' understanding and use of research findings.

(8) Participation of expert practicing teachers and administrators in the university-based education studies of prospective teachers.

(9) Participation of faculty with expertise in the liberal arts and sciences in the training of prospective and beginning teachers and in the continuing development of experienced teachers.

(10) Experimentation and research conducted in the school by teachers and university faculty to improve teaching and learning.

(11) Activities designed to disseminate information about the lessons learned in the teaching school with other teachers in the district's schools.

(12) Organizational restructuring, including the introduction of new roles and staffing patterns in the school and university.

(13) Efforts to link the school and its neighborhood and community to ensure that children are ready to learn when they come to school.

(14) Activities intended to address the effects of chronic community violence, such as violence counseling and conflict resolution training.

(15) Training and leadership development of personnel in order to prepare them to assume new roles.

(16) New technologies to enhance instruction and management.

(17) Efforts to strengthen linkages between schools, universities and education agencies and the business community, so as to improve the transition of students into the workplace.

(18) Other activities proposed by the applicant and approved by the Secretary.

SEC. 556. RESERVATION OF FUNDS; COST SHARING.

(a) **RESERVATIONS.**—The Secretary is authorized to reserve up to 3 percent of the amount appropriated for each fiscal year under section 502(c)(3) to—

(1) study the planning and evaluate implementation processes and the results of the teaching schools established under this program;

(2) disseminate findings of such studies and evaluations to researchers, practitioners, policy makers, and parents;

(3) provide technical assistance to teaching schools; and

(4) support the development of a network or networks of teaching schools.

(b) **COST SHARING.**—The Federal share of the cost of the activities set forth in an approved application for a one-year planning or implementation grant shall be 50 percent.

SEC. 557. DEFINITIONS.

For the purpose of this subpart, the term "teacher" includes elementary and secondary school classroom teachers, and preschool and early childhood education specialist.

Subpart 4—Teacher Opportunity Corps

SEC. 561. PURPOSE.

It is the purpose of this subpart to encourage institutions of higher education to offer educational programs and financial assistance that would enable paraprofessionals working in shortage area schools serving disadvantaged students to become certified or licensed teachers.

SEC. 562. DEFINITIONS.

For the purpose of this subpart—

(1) the term "certified or licensed teacher" means an individual who possesses a document certifying that the individual has met the requirements of a State for employment as a teacher in the public schools of that State (including individuals who have been certified as specialists in preschool and early childhood education);

(2) the term "shortage area" means (A) an area the Secretary has designed as an area with a shortage of elementary and secondary school teachers, or (B) a shortage in a designated subject area, under section 530 of this Act;

(3) the term "chapter 1" means chapter 1 of title I of the Elementary and Secondary Education Act of 1965; and

(4) The term "paraprofessional" means an individual with, at least, a high school diploma or recognized equivalent who is employed in a preschool or elementary or secondary school under the supervision of a certified teacher to assist in providing instruction, which may include (but is not limited to) bilingual education, special education, and migrant education.

SEC. 563. ALLOCATION AMONG STATES.

From the sums appropriated for this subpart pursuant to section 502(c)(4) for any fiscal year, the Secretary shall allocate to any State an amount which bears as nearly as possible the same ratio to such sums as the allocation of funds under chapter 1 in that State bears to the total allocation of funds under chapter 1 in all States receiving grants under this subpart, except that no State grant shall be less than \$500,000 in any fiscal year.

SEC. 564. AGREEMENTS.

Each State receiving a grant authorized by this subpart shall enter into an agreement with the Secretary. Each such agreement shall include provisions designed to ensure that—

(1) the State educational agency or higher education agency will administer the program authorized by this subpart in the State;

(2) the State educational agency or higher education agency will use no more than 5 percent of the grant it receives to cover administrative expenses; and

(3) the State educational agency or higher education agency will keep such records and provide such information to the Secretary as may be required for fiscal audit and program evaluation, consistent with the responsibilities of the Secretary.

SEC. 565. STATE GRANT APPLICATIONS.

(a) **AUTHORITY.**—The Secretary is authorized to make grants to the States to support programs at institutions of higher education that serve the purposes of this subpart.

(b) **SUBMISSION OF APPLICATIONS.**—In order to receive a grant under this subpart, a State shall submit an application at such time or times, in such manner, and containing such information as the Secretary may prescribe by regulation. Such application shall set forth a program of activities for carrying out the purposes set forth in this subpart in such detail as will enable the Secretary to determine the degree to which such program will accomplish such purposes and such other policies, procedures, and assurances as the Secretary may require by regulation.

SEC. 566. GENERAL CRITERIA FOR STATE GRANTS.

(a) **GRANT REQUIREMENTS.**—The following criteria shall apply to each State grant made under this subpart:

(1) The grant shall ensure the involvement of institutions of higher education and schools or local educational agencies that are located in shortage areas.

(2) The grant shall ensure that all regular and developmental credit-bearing courses taken in educational programs offered under this subpart are fully creditable to a baccalaureate or graduate program leading to teacher certification or licensure.

(3) The grant shall require that any paraprofessional who receives student financial assistance under this subpart enter into an agreement under which the paraprofessional shall—

(A) within the 10-year period after completing the postsecondary education for which the assistance was provided, act as an educational professional or a paraprofessional in a shortage area school for a period of not less than one year for each full-time academic year or equivalent for which the assistance was received;

(B) provide to the State evidence of compliance with subparagraph (A); and

(C) repay all or part of the student financial assistance received under this subpart, plus interest and reasonable collection costs (if applicable), in the event that the paraprofessional fails to comply with the conditions of subparagraph (A), in accordance with the regulations prescribed by the Secretary under section 557 and except in the circumstances provided in section 558.

(4) The amount of scholarship awarded under this subpart shall be reduced by the amount that the scholarship exceeds the student's cost of attendance, as defined in section 472. A scholarship awarded under this subpart shall not be reduced on the basis of the student's receipt of other forms of Federal student financial assistance but shall be taken into account in determining the eligibility of the student for those other forms of Federal student financial assistance.

(5) The grant shall establish a system for the evaluation of the programs conducted.

(b) **DURATION OF GRANT.**—Each grant under this subpart shall be for a term of no less than 5 years, subject to the availability of appropriations.

(c) **USES OF FUNDS.**—Funds made available under this subpart to any State may be used for—

(1) providing student financial assistance to paraprofessionals to pay part or all of the costs of attendance (as determined under section 472);

(2) instructional and supportive services for such paraprofessionals during participation in such programs; and

(3) child care expenses as provided in paragraph (7) of such section in programs of postsecondary education required for teacher certification or licensure.

Subpart 5—National Job Bank for Teacher Recruitment

SEC. 571. STUDY.

The Secretary, through the Office of Educational Research and Improvement, shall conduct a study on the feasibility of—

(1) establishing a clearinghouse to operate a national teacher job bank; and

(2) establishing regional clearinghouses.

SEC. 572. NATIONAL TEACHER JOB BANK DEMONSTRATION.

(a) **PROGRAM AUTHORIZED.**—The Secretary, through the Office of Educational Research and Improvement, shall contract with one or more State entities, nonprofit organizations, or institutions of higher education to pay the Federal share of the costs of establishing a Teacher Job Bank Clearinghouse which shall—

(1) assist public and private education agencies in locating qualified applicants for teaching related positions; and

(2) help individuals in locating teaching-related jobs or the training necessary to enter the teaching profession or the field of early childhood or preschool education.

(b) **APPLICATION REQUIRED.**—Each entity desiring to enter into a contract with the Secretary for the establishment of a Teacher Job Bank Clearinghouse shall submit an application to the Secretary at such time, in such manner and accompanied by such information as the Secretary may reasonably require. Each such application shall include—

(1) a demonstration of the capacity to efficiently and effectively handle a large volume of inquiries from employers and potential employees;

(2) a demonstration of support from public and private education agencies and institutions of higher education that are likely to use the services provided by the Teacher Job Bank Clearinghouse; and

(3) a demonstration of ability to provide prospective teachers with information either directly or by contract with another entity regarding the certification and licensure requirements of each State and procedures for assisting out-of-State teachers to meet State certification requirements.

(c) **PRIORITY.**—The Secretary shall give priority to applications submitted pursuant to paragraph (1) which—

(1) are representative of a region of the United States and involve the cooperation of several State educational agencies and institutions of higher education; or

(2) demonstrate an ability to address shortages of teachers, such as underrepresented minorities, special education teachers, bilingual teachers, or individuals planning to teach in subject areas, geographical areas, or types of schools with shortages.

SEC. 573. USE OF FUNDS.

Each entity, organizations, or institution receiving funds under this subpart may use such funds to—

(1) develop, in consultation with local education agencies and other appropriate entities, standardized initial application forms for teaching jobs and related positions, and standardized forms and procedures for announcing available teaching positions;

(2) coordinate and assist State and local teacher recruitment efforts;

(3) publish and disseminate information about opportunities for teacher employment and teacher training;

(4) maintain a system for matching the supply of teachers with the demand for teachers among the States;

(5) encourage the development of programs to recruit and train minorities and individuals with disabilities to become teachers;

(6) assist employers in checking the background of applicants;

(7) publicize the availability of scholarships, loans, and other programs that assist individuals wishing to pursue a teaching career;

(8) assist employers in the development of effective teacher recruitment programs;

(9) assist in developing reciprocal agreements on teacher certification among States; and

(10) conduct such other activities and services necessary to carrying out the purposes of this subpart in accordance with the provisions of this subpart.

SEC. 574. DEFINITION.

For the purposes of this subpart, the term "teacher" includes elementary and secondary school classroom teachers, and preschool and early childhood education specialists.

Subpart 6—Midcareer Teacher Training for Nontraditional Students

SEC. 581. STATEMENT OF PURPOSE.

It is the purpose of this subpart to encourage institutions of higher education with schools or departments of education to establish and maintain programs that will provide teacher training to individuals who are moving to a career in education from another occupation. This is particularly important for women and minorities who are underrepresented in the fields of science and mathematics.

SEC. 582. SELECTION OF PROCEDURES.

From the funds available for this subpart, the Secretary shall make grants to institutions of higher education on the basis of the

competitive selection among qualifying applications. Institutions selected as recipients shall be awarded (1) an initial planning grant for use during the first 2 fiscal years after selection, and (2) for institutions demonstrating successful performance with the planning grant, a renewal grant for use during not more than 2 additional years.

SEC. 583. APPLICATIONS.

(a) **CONTENTS OF APPLICATIONS.**—Applications for grants under this subpart shall demonstrate that—

(1) the applicant will establish and maintain a program of midcareer teacher retraining designed to prepare individuals for teacher certification requirements who already have a baccalaureate or advanced degree and job experience in education-related fields of study, including preschool and early childhood education and special education, and to prepare teachers in the fields of science and mathematics;

(2) the applicant has designed a program which includes at least the following elements:

(A) a screening mechanism to ensure that individuals who are admitted to the program possess the current subject matter knowledge and the characteristics that would make them likely to succeed as classroom teachers;

(B) a clear set of program goals and expectations which are communicated to participants; and

(C) a curriculum that, when successfully completed, will provide participants with the skills and credentials needed to teach in specific subject areas, as well as a realistic perspective on the educational process;

(3) the program has been developed with the cooperation and assistance of the local business community;

(4) the program will be operated under a cooperative agreement between the institution and one or more State or local educational agencies; and

(5) the program will be designed and operated with the active participation of qualified classroom teachers, including special education and early childhood education specialists, and specialists in science and mathematics and will include an inservice training component and follow-up assistance.

(b) **REVIEW OF APPLICATIONS.**—Applications for grants under this subpart shall be reviewed by a panel of experts in teacher training designated by the Secretary. The Secretary shall, to the extent of available funds, select at least one applicant from each of the 10 regions served by the Department and ensure that programs offered reflect all significant areas of national need in which shortages exist.

SEC. 584. AMOUNT OF GRANTS.

The initial planning grant to an institution of higher education under this part shall not exceed \$100,000 for the 2 years for which it is available. The renewal grant to an institution under this part shall not exceed \$50,000 for each of the 2 years for which it is available.

SEC. 585. REPORTS AND INFORMATION.

Each institution of higher education that receives a grant under this subpart shall submit to the Secretary such reports and other information on the program it conducts under this subpart as the Secretary deems necessary. The Secretary shall disseminate such information to other institutions of higher education for the purpose of promoting greater use of midcareer teacher training programs without direct Federal financial assistance.

Subpart 7—Alternative Routes to Teacher Certification and Licensure

SEC. 586. SHORT TITLE.

This subpart may be cited as the "Alternative Routes to Teacher Certification and Licensure Act of 1991".

SEC. 587. FINDINGS.

The Congress finds that—

(1) effective elementary and secondary schools require competent teachers and strong leadership;

(2) school systems would benefit greatly by increasing the pool of qualified individuals from which to recruit teachers;

(3) many talented professionals who have demonstrated a high level of subject area competence outside the education profession may wish to pursue careers in education, but have not fulfilled the requirements to be certified or licensed as teachers;

(4) alternative routes can enable qualified individuals to fulfill State certification or licensure requirements and would allow school systems to utilize the expertise of such professionals and improve the pool of qualified individuals available to local educational agencies as teachers; and

(5) alternative routes to certification or licensure requirements that do not exclude qualified individuals from teaching solely because such individuals do not meet traditional certification or licensure requirements would allow school systems to take advantage of these professionals and improve the supply of well-qualified teachers.

SEC. 588. PURPOSE.

It is the purpose of this subpart to improve the supply of well-qualified elementary and secondary school teachers by encouraging and assisting States to develop and implement programs for alternative routes to teacher certification or licensure requirements. Such programs shall place special emphasis on the participation of individuals who are members of minority groups.

SEC. 589. ALLOTMENTS.

(a) IN GENERAL.—(1) From the amount appropriated to carry out this part, the Secretary shall allot to each State the lesser of either the amount the State applies for under section 4907 or an amount that is proportional to the State's share of the total population of children ages five through seventeen in all the States (based on the most recent data available that is satisfactory to the Secretary).

(2) If a State does not apply for its allotment, or the full amount of its allotment, under the preceding paragraph, the Secretary may reallocate the excess funds to one or more other States that demon-

strate, to the satisfaction of the Secretary, a current need for the funds.

(b) **SPEC. L RULE.**—Notwithstanding section 412(b) of the General Education Provisions Act, funds awarded under this subpart shall remain available for obligation by a recipient for a period of two calendar years from the date of the grant.

SEC. 590. STATE APPLICATIONS.

(a) **IN GENERAL.**—Any State desiring to receive a grant under this subpart shall, through the State education agency, submit an application at such time, in such manner, and containing such information, as the Secretary may reasonably require.

(b) **REQUIREMENTS.**—Each application shall—

(1) describe the programs, projects, and activities to be undertaken; and

(2) contain such assurances as the Secretary considers necessary, including assurances that—

(A) assistance provided to the State educational agency under this subpart will be used to supplement, and not to supplant, any State or local funds available for the development and implementation of programs to provide alternative routes to fulfilling teacher certification or licensure requirements;

(B) the State educational agency has, in developing and designing the application, consulted with—

(i) representatives of local educational agencies, including superintendents and school board members, including representatives of their professional organizations where applicable;

(ii) elementary and secondary school teachers, including representatives of their professional organizations;

(iii) institutions of higher education with schools or departments of education;

(iv) parents; and

(v) other interested organizations and individuals; and

(C) the State educational agency will submit to the Secretary, at such time as the Secretary may specify, a final report describing the activities carried out with assistance provided under this part and the results achieved.

(c) **GEPA PROVISIONS INAPPLICABLE.**—Sections 435 and 436 of the General Education Provisions Act, except to the extent that such sections relate to fiscal control and fund accounting procedures, shall not apply to this part.

SEC. 591. USE OF FUNDS.

(a) **IN GENERAL.**—(1) A State educational agency shall use assistance provided under this subpart to support programs, projects, or activities that develop and implement new, or expand and improve existing, programs that enable individuals to move to a career in education from another occupation through an alternative route to teacher certification or licensure.

(2) A State educational agency may carry out such programs, projects, or activities directly, through contracts, or through grants

to local educational agencies, intermediate educational agencies, institutions of higher education, or consortia of such agencies.

(b) **USES OF FUNDS.**—Funds received under this subpart may be used for—

(1) the design, development, implementation, and evaluation of programs that enable qualified professionals who have demonstrated a high level of subject area competence outside the education profession and are interested in entering the education profession to fulfill State certification or licensure requirements;

(2) the establishment of administrative structures necessary for the development and implementation of programs to provide alternative routes to fulfilling State requirements for certification or licensure;

(3) training of staff, including the development of appropriate support programs, such as mentor programs, for teachers entering the school system through alternative routes to teacher certification or licensure;

(4) the development of recruitment strategies;

(5) the development of reciprocity agreements between or among States for the certification or licensure of teachers; and

(6) other appropriate programs, projects, and activities designed to meet the objectives of this part.

SEC. 592. COORDINATION REQUIREMENT.

As appropriate, State educational agencies receiving assistance under this subpart shall coordinate activities with those undertaken pursuant to subpart 6 of this title.

SEC. 593. DEFINITION.

For purposes of this subpart, the term "State" means each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, and Palau (until the Compact of Free Association with Palau takes effect pursuant to section 101(a) of Public Law 99-658).

Subpart 8—Training for Teachers of Drug-Exposed Children

SEC. 594. PROGRAM AUTHORIZED.

(a) **GENERAL AUTHORITY.**—From the funds appropriated to carry out this subpart, the Secretary may make grants to schools of education at institutions of higher education to support the development and instruction in the use of curricula and instructional materials that provide teachers and other education personnel with effective strategies for educating drug-exposed children. In selecting schools for receipt of grants under this subpart, the Secretary shall give priority to schools located in or near communities with a large number or rate of—

(1) arrests for, or while under the influence of drugs;

(2) infants born prenatally exposed to drugs;

(3) drug-exposed children of preschool or school age; or

(4) a significant drug problem as indicated by other appropriate data.

(b) **CONDITIONS FOR GRANT ASSISTANCE.**—Any recipient of a grant under this section shall agree, as a condition to receipt of such grant, to disseminate the curricula and materials developed with funds provided under this subpart by either or both of the following methods:

(1) Instruction of teachers and other education personnel from schools within the State in which the grant recipient is located.

(2) Designation of personnel of the grant recipient to serve as consultants to such schools for the dissemination of such curricula and materials.

(c) **CLEARINGHOUSE.**—(1) The Secretary shall establish a clearinghouse to compile and make available the curricula and instructional materials developed with funds provided under this subpart. The clearinghouse shall make available—

(A) implementable curriculum plans for educational personnel in classroom and other school settings;

(B) curriculum plans for schools of education in institutions of higher education that describe drug-exposed children's characteristics and strategies for educating drug-exposed children; and

(C) other information concerning the characteristics of drug-exposed children and effective strategies for educating such children.

(2) The Secretary shall consult with the Secretary of Health and Human Services concerning the curricula, materials, and information to be made available through the clearinghouse. The Secretary shall effectively notify State and local educational agencies concerning the availability of such curricula, materials, and information from the clearinghouse.

Subpart 9—Teacher Recruitment and Placement

SEC. 594A. PROGRAM AUTHORIZED.

(a) **GRANTS AUTHORIZED.**—The Secretary is authorized, in accordance with the provisions of this subpart, to make grants to institutions of higher education with schools or departments of education to pay the Federal share of developing and carrying out programs designed to—

(1) recruit, prepare, and train students to become elementary and secondary school teachers; and

(2) place the students as teachers in urban and rural public or private nonprofit elementary or secondary schools where at least 50 percent of students enrolled are from minority groups.

(b) **SPECIAL CONSIDERATION.**—The Secretary is authorized, in making grants under this subpart, to give special consideration to historically Black colleges and universities.

SEC. 594B. USE OF FUNDS.

Grants under this subpart may be used for the costs of developing and carrying out the program of teacher recruitment, preparation, training, and placement described in section 581.

SEC. 594C. APPLICATION.

No grant may be made under this subpart unless an application is made by the institution of higher education at such time, in such

manner, and containing or accompanied by such information as the Secretary may reasonably require.

SEC. 594D. FEDERAL SHARE.

(a) **IN GENERAL.**—Except as provided in subsection (b), the Federal share for each fiscal year shall be 75 percent.

(b) **PERFORMANCE INCENTIVE.**—In any fiscal year beginning after September 30, 1993, the Secretary may, based upon evaluation and monitoring of programs assisted under this subpart, increase the Federal share for a recipient of funds under this subpart for the succeeding fiscal year to 85 percent, for demonstrated success in the operation of the program assisted under this subpart.

Subpart 10—Partnerships for Encouraging Minority Students to Become Teachers

SEC. 595A. PROGRAM AUTHORIZED.

(a) **IN GENERAL.**—The Secretary is authorized, in accordance with the provisions of this subpart, to make grants to partnerships composed of institutions of higher education and local educational agencies for developing and carrying out programs designed to identify and encourage minority students in the 7th through the 12th grades to aspire to, and to prepare for, careers in elementary and secondary school teaching.

(b) **CONSORTIA GRANTS AUTHORIZED.**—The Secretary is authorized in accordance with this subpart, to make grants to consortia of institutions of higher education which have special expertise in the program authorized by this subpart and have entered a partnership agreement in accordance with section 595B.

(c) **SELECTION CRITERIA.**—In making grants under this subpart, the Secretary shall approve applications which contain provision for projects designed to carry out the purposes described in subsection (a) and which include—

- (1) college entry preparation;
- (2) remedial programs;
- (3) teaching mentors;
- (4) motivational activities;
- (5) tutoring;
- (6) teaching skill development;
- (7) future teacher clubs;
- (8) guidance in curriculum selection; and
- (9) test-taking skills.

SEC. 595B. PARTNERSHIP AGREEMENT.

(a) **IN GENERAL.**—To be eligible for a grant under this subpart, an institution of higher education and a local educational agency must enter into a written partnership agreement. A partnership may include other public agencies or private organizations. All partners shall sign the agreement.

(b) **CONTENTS OF AGREEMENT.**—The agreement shall include—

- (1) a listing of all participants in the partnership;
- (2) a description of the responsibilities of each participant in the partnership; and
- (3) a listing of the resources, if any, to be contributed to the partnership.

SEC. 595C. USE OF FUNDS.

Grants under this subpart may be used for the program of encouraging minority students to prepare to become elementary and secondary school teachers described in the application approved under section 595D.

SEC. 595D. APPLICATION.

(a) **APPLICATION REQUIRED.**—A partnership desiring to receive a grant under this subpart shall submit an application to the Secretary.

(b) **CONTENTS OF APPLICATION.**—The application shall include—

(1) the written and signed partnership agreement required by section 595B;

(2) a listing of the elementary, if applicable, and secondary schools of the local educational agency to be involved in the program assisted under this subpart; and

(3) a description of the services and activities to be offered under the program assisted under this subpart; and

(4) such additional information and assurances as the Secretary may reasonably require.

TITLE VI—INTERNATIONAL EDUCATION PROGRAMS

PART A—INTERNATIONAL AND FOREIGN LANGUAGE STUDIES

SEC. 601. FINDINGS AND PURPOSES.

(a) **FINDINGS.**—The Congress finds that—

(1) the well-being of the United States, its economy and long-range security, is dependent on the education and training of Americans in international and foreign language studies and on a strong research base in these areas;

(2) knowledge of other countries and the ability to communicate in other languages is essential to the promotion of mutual understanding and cooperation among nations; and

(3) present and future generations of Americans must be afforded the opportunity to develop to the fullest extent possible their intellectual capacities in all areas of knowledge.

(b) **PURPOSES.**—It is the purpose of this part to assist in the development of knowledge, international study, resources and trained personnel, to stimulate the attainment of foreign language acquisition and fluency, to develop a pool of international experts to meet national needs, and to coordinate the programs of the Federal Government in the areas of foreign language, professional international affairs training, and international studies and research.

SEC. 602. GRADUATE AND UNDERGRADUATE LANGUAGE AND AREA CENTERS.

(a) **NATIONAL LANGUAGE AND AREA CENTERS AUTHORIZED.**—(1) The Secretary is authorized—

(A) to make grants to institutions of higher education, or combinations thereof, for the purpose of establishing, strengthening, and operating comprehensive language and area centers and programs; and

(B) to make grants to such institutions or combinations for the purpose of establishing, strengthening, and operating a diverse network of undergraduate language and area centers and programs,

which will be national resources for teaching of any modern foreign language, for instruction in fields needed to provide full understanding of areas, regions, or countries in which such language is commonly used, for research and training in international studies, and the international and foreign language aspects of professional and other fields of study, and for instruction and research on issues in world affairs which concern one or more countries.

(2) **AUTHORIZED ACTIVITIES.**—Any such grant may be used to pay all or part of the cost of establishing or operating a center or program, including—

(A) the cost of faculty, staff, and student travel in foreign areas, regions, or countries,

(B) the cost of teaching and research materials,

(C) the cost of curriculum planning and development,

(D) the cost of bringing visiting scholars and faculty to the center to teach or to conduct research,

(E) the cost of establishing and maintaining linkages with overseas institutions of higher education and other organizations that may contribute to the educational objectives of this section for the purpose of contributing to the teaching and research of the center or program,

(F) the cost of training and improvement of the staff, for the purpose of, and subject to such conditions as the Secretary finds necessary, for carrying out the objectives of this section, and

(G) subject to such conditions as the Secretary finds necessary, for carrying out the objectives of this section.

(3) **GRANTS TO MAINTAIN LIBRARY COLLECTION.**—The Secretary may make grants to centers described in paragraph (1)(A) having important library collections for the maintenance of such collections.

(4) **SUMMER INSTITUTES AND OTHER ACTIVITIES.**—The Secretary may make additional grants to centers designated in paragraph (1)(A) for any one or combination of the following purposes:

(A) Programs of linkage or outreach between foreign language, area studies, professional schools of international affairs, and other international fields and professional schools and colleges.

(B) Programs of linkage or outreach with 2 and 4-year colleges and universities.

(C) Programs of linkage or outreach with departments or agencies of State and Federal Governments.

(D) Programs of linkage or outreach with the news media, business, professional, or trade associations.

(E) Summer institutes in foreign area and other international fields designed to carry out the programs of linkage and outreach in subparagraphs (A), (B), (C), and (D) of this paragraph.

(b) **STIPENDS FOR FOREIGN LANGUAGE AND AREA STUDIES.**—

(1)(A) **GRADUATE STIPENDS.**—The Secretary is authorized to make grants to institutions of higher education or combinations of such institutions for the purpose of paying stipends to indi-

viduals undergoing advanced training in any center or program approved by the Secretary under this part.

(B) Stipend recipients shall be individuals who are engaged in an instructional program with stated performance goals for functional foreign language use or in a program developing such performance goals, in combination with area studies, international studies, or the international aspects of a professional studies program.

(C) Stipends awards to graduate level recipients may include allowances for dependents and for travel for research and study in the United States and abroad.

(2) **DOCTORAL STIPENDS.**—(A) The Secretary is authorized to make grants to institutions of higher education or combinations of such institutions for the purpose of paying stipends to students beginning with their third year of graduate training in any center or program approved by the Secretary under this part.

(B) Stipends recipients shall be individuals engaged in completing advanced degree requirements in foreign language, foreign area studies, or other international fields.

(C) Stipends shall be for the purpose of completing degree requirements, such as the predissertation level studies, preparation for dissertation research including the study of less commonly taught languages, dissertation research abroad, and dissertation writing.

(D) Stipends may be held up to a maximum of 4 years contingent upon satisfactory progress towards completion of the degree program.

(3) **FUNDING LIMITATIONS.**—The Secretary is not authorized to make awards under paragraph (2) for any fiscal year unless the amount made available under paragraph (1) for such fiscal year equals or exceeds the current services equivalent of the level of funding during fiscal year 1991 under paragraph (1).

(c) **SPECIAL RULE WITH RESPECT TO TRAVEL.**—No funds may be expended under this part for undergraduate travel except in accordance with rules prescribed by the Secretary setting forth policies and procedures to assure that Federal funds made available for such travel are expended as part of a formal program of supervised study.

SEC. 603. LANGUAGE RESOURCE CENTERS.

(a) **LANGUAGE RESOURCES CENTERS AUTHORIZED.**—The Secretary is authorized to make grants to and enter into contracts with institutions of higher education, or combinations of such institutions, for the purpose of establishing, strengthening, and operating a limited number of national language resource and training centers, which shall serve as resources to improve the capacity to teach and learn foreign languages effectively. Activities carried out by such centers may include—

(1) the conduct of research on new and improved teaching methods, including the use of advanced educational technology;

(2) the development of new teaching materials reflecting the use of such research in effective teaching strategies;

(3) the development and application of performance testing appropriate to an educational setting for use as a standard and comparable measurement of skill levels in all languages;

(4) the training of teachers in the administration and interpretation of performance tests, the use of effective teaching strategies, and the use of new technologies;

(5) the publication of instructional materials in the less commonly taught languages; and

(6) the widespread dissemination of research results, teaching materials, and improved pedagogical strategies to others within the postsecondary education community.

(b) **CONDITIONS FOR GRANTS.**—Grants under this section shall be made on such conditions as the Secretary determines to be necessary to carry out the provisions of this section.

SEC. 604. UNDERGRADUATE INTERNATIONAL STUDIES AND FOREIGN LANGUAGE PROGRAMS.

(a) **INCENTIVES FOR THE CREATION OF UNDERGRADUATE INTERNATIONAL STUDIES AND FOREIGN LANGUAGE PROGRAMS.**—(1) The Secretary is authorized to make grants to institutions of higher education, or combinations of such institutions, to assist them in planning, developing, and carrying out a program to improve undergraduate instruction in international studies and foreign languages. These grants shall be awarded to institutions seeking to create new programs of curricula in area studies, foreign languages, and other international fields. Grants made under this section may be used to pay up to 60 percent of the cost of projects and activities which are an integral part of such a program, such as—

(A) planning for the development and expansion of undergraduate programs in international studies;

(B) teaching, research, curriculum development, and other related activities;

(C) training of faculty members in foreign countries;

(D) expansion of foreign language courses;

(E) programs under which foreign teachers and scholars may visit institutions as visiting faculty;

(F) international education programs designed to develop or enhance linkages between two- and four-year institutions of higher education, or baccalaureate and post-baccalaureate programs or institutions;

(G) the development of an international dimension in pre-service and inservice teacher training;

(H) the development of undergraduate study abroad programs which provide courses that are closely related to on-campus foreign language and international studies curricula; and

(I) the integration of new study abroad opportunities for undergraduate students into curricula of specific degree programs.

(2) The non-Federal share of the cost of the programs funded under this subsection may be provided either in cash or in-kind. Such assistance may be composed of institutional and noninstitutional funds, including State and private contributions.

(3) Priority shall be given to those institutions that require entering students to have successfully completed at least 2 years of secondary school foreign language instruction or that require each

graduating student to earn 2 years of postsecondary credit in a foreign language (or have demonstrated equivalent competence in the foreign language) or, in the case of a two-year degree granting institution, offer 2 years of postsecondary credit in a foreign language.

(b) **GRANTS TO STRENGTHEN PROGRAM OF DEMONSTRATED EXCELLENCE IN UNDERGRADUATE INTERNATIONAL STUDIES AND FOREIGN LANGUAGE PROGRAMS.**—(1) The Secretary is authorized to make grants to institutions of higher education or combinations of such institutions for strengthening programs of demonstrated excellence in area studies, foreign languages, and other international fields in order to ensure their self-sustaining maintenance and growth. These grants shall enhance the capacity-building and dissemination functions of existing programs. Grants made under this subsection may be used to pay up to 50 percent of the cost of project and activities which are an integral part of such a program, such as—

(A) teaching, research, curriculum development, and other related activities;

(B) strengthening undergraduate major and minors directly related to the generation of international expertise;

(C) developing new foreign language courses, especially in those languages previously not taught at the institutions, and improving the quality of existing foreign language programs;

(D) expanding library and teaching resources;

(E) establishing linkages overseas with institutions of higher education and organizations that contribute to the educational objectives of this subsection;

(F) developing programs designed to integrate professional and technical education with area studies, foreign languages, and other international fields;

(G) disseminating curricular materials and program designs to other educational institutions;

(H) integrating on-campus undergraduate curriculum with study abroad and exchange programs;

(I) developing study and internship abroad programs in locations in which such study opportunities are not otherwise available or study abroad opportunities which serve students for which such opportunities are not otherwise available;

(J) training faculty and staff in area studies, foreign languages, and other international fields; and

(K) conducting summer institutes in foreign area and other international fields to provide faculty and curriculum development, including the integration of professional and technical education with foreign area and other international knowledge or skills to government personnel or private sector professionals involved in international activities.

(2) As a condition for the award of any grant under this subsection, the Secretary may establish criteria for evaluating programs and require an annual report which evaluates the progress and performance of students in such programs.

(3) The non-Federal share of the cost of the programs funded under this subsection may be provided either in cash or in-kind. Such assistance may be composed of institutional and noninstitutional funds, including State and private contributions.

(c) **PROGRAMS OF NATIONAL SIGNIFICANCE.**—The Secretary may also make grants to public and private nonprofit agencies and organizations, including professional and scholarly associations, whenever the Secretary determines such grants will make an especially significant contribution to attaining the objective of this section.

SEC. 605. INTENSIVE SUMMER LANGUAGE INSTITUTES.

(a) **INTENSIVE SUMMER LANGUAGE INSTITUTES AUTHORIZED.**—(1) The Secretary is authorized to make grants to institutions of higher education, or combinations of such institutions, for the purpose of establishing and conducting intensive summer language institutes.

(2) **ELIGIBLE GRANT RECIPIENTS.**—Training authorized by this section shall be provided through—

(A) institutes designed to meet the needs for intensive language training by advanced foreign language students;

(B) institutes designed to provide professional development and improve language instruction through preservice and inservice training for language teachers; or

(C) institutes that combine the purposes of subparagraphs (A) and (B).

(3) **AUTHORIZED ACTIVITIES.**—Grants made under this section may be used for—

(A) intensive training in critical languages;

(B) training in neglected language and

(C) stipends for students and faculty attending the institutes authorized by this section.

(4) **INSTRUCTIONAL PROGRAM.**—Institutes supported under this section may provide instruction on a full-time or part-time basis to supplement instruction not fully available in centers supported under section 602.

(b) **PEER REVIEW.**—Grants made under this section shall be awarded on the basis of recommendations made by peer review panels composed of broadly representative professionals.

SEC. 606. RESEARCH; STUDIES; ANNUAL REPORT.

(a) **AUTHORIZED ACTIVITIES.**—The Secretary may, directly or through grants or contracts, conduct research and studies which contribute to the purposes of this part. Such research and studies may include but are not limited to—

(1) studies and surveys to determine needs for increased or improved instruction in foreign language, area studies, or other international fields, including the demand for foreign language, area, and other international specialists in government, education, and the private sector;

(2) studies and surveys to assess the utilization of graduates of programs supported under this title by governmental, educational, and private sector organizations and other studies assessing the outcomes and effectiveness of programs so supported;

(3) comparative studies of the effectiveness of strategies to provide international capabilities at institutions of higher education;

(4) research on more effective methods of providing instruction and achieving competency in foreign languages;

(5) the development and publication of specialized materials for use in foreign language, area studies, and other international-

al fields, or for training foreign language, area, and other international specialists; and

(6) the application of performance tests and standards across all areas of foreign language instruction and classroom use.

(b) **ANNUAL REPORT.**—The Secretary shall prepare, publish, and announce an annual report listing the books and research materials produced with assistance under this title.

SEC. 607. PERIODICALS AND OTHER RESEARCH MATERIALS PUBLISHED OUTSIDE THE UNITED STATES.

(a) **PROGRAM AUTHORIZED.**—In addition to the amount authorized to be appropriated by section 610, there are authorized to be appropriated \$8,500,000 for fiscal year 1993, and such sums as may be necessary for the 4 succeeding fiscal years to provide assistance for the acquisition of, and provision of access to, periodicals and other research materials published outside the United States.

(b) **AUTHORIZED ACTIVITIES.**—From the amount appropriated under subsection (a) for any fiscal year, the Secretary shall make grants to institutions of higher education or public or nonprofit private library institutions or consortia of such institutions for the following purposes:

(1) to acquire periodicals and other research materials published outside the United States which are not commonly held by American academic libraries and which are of scholarly or research importance;

(2) to maintain in machine-readable form current bibliographic information on periodicals and other research materials thus acquired, and to enter such information into one or more of the widely available bibliographic data bases;

(3) to preserve such periodicals and other research materials; and

(4) to make such periodicals and other research materials widely available to researchers and scholars.

(c) **LIMITATIONS.**—(1) The Secretary shall evaluate grant applications and award grants according to the following criteria:

(A) the total number of library research materials in an institution's collection;

(B) the comprehensiveness, both current and retrospective, of the institution's collection of periodicals and other research materials published outside the United States;

(C) public accessibility to the institution's collection of periodicals and other research materials published outside the United States;

(D) the institution's technological capability to share its collection of periodicals and other research materials published outside the United States with other institutions of higher education, with public or nonprofit institutions, and with individual scholars; and

(E) the institution's budget and staff capability to build, maintain, and service periodicals and other research materials published outside the United States.

(2) The Secretary shall award no more than 8 grants from the amounts appropriated under subsection (a).

(d) **WRITTEN AGREEMENT.**—(1) Prior to the awarding of grants authorized under subsection (c), the recipient institution must file a formal written agreement with the Secretary which outlines their collecting responsibilities regarding periodicals and other research materials published outside the United States and ensures public access.

(2) No funds from grants authorized under subsection (c) may be used by a recipient institution to acquire and process periodicals and other research materials published outside the United States other than that specified in the agreement filed with the Secretary under paragraph (1).

(e) **COPYRIGHT.**—Nothing in this section shall be considered to amend, affect, or define the provisions of title 17, United States Code, relating to copyright.

SEC. 608. SELECTION OF GRANT RECIPIENTS.

(a) **COMPETITIVE GRANTS.**—The Secretary shall award grants under section 602 competitively on the basis of criteria that separately, but not less rigorously, evaluate the applications for comprehensive and undergraduate language and area centers and programs.

(b) **SELECTION CRITERIA.**—The Secretary shall set criteria for grants awarded under section 602 by which a determination of excellence shall be made to meet the differing objectives of graduate and undergraduate institutions.

(c) **EQUITABLE DISTRIBUTION OF GRANTS.**—The Secretary shall, to the extent practicable, award grants under this part (other than section 602) in such manner as to achieve an equitable distribution of funds throughout the Nation, based on the merit of a proposal with peer review by broadly representative professionals.

SEC. 609. EQUITABLE DISTRIBUTION OF FUNDS.

(A) **SELECTION CRITERIA.**—The Secretary shall make excellence the criterion for selection of grants awarded under section 602.

(b) **EQUITABLE DISTRIBUTION.**—To the extent practicable and consistent with the criterion of excellence, the Secretary shall award grants under this part (other than section 602) in such a manner as will achieve an equitable distribution of funds throughout the Nation.

(c) **SUPPORT FOR UNDERGRADUATE EDUCATION.**—The Secretary shall also award grants under this part in such manner as to ensure that an appropriate portion of funds are used to support undergraduate education.

SEC. 610. AUTHORIZATION OF APPROPRIATIONS

There are authorized to be appropriated to carry out this part \$100,000,000 for fiscal year 1993, and such sums as may be necessary for the 4 succeeding fiscal years.

PART B—BUSINESS AND INTERNATIONAL EDUCATION PROGRAMS

SEC. 611. FINDINGS AND PURPOSES.

(a) **FINDINGS.**—The Congress finds that—

(1) the future economic welfare of the United States will depend substantially on increasing international skills in the

business and educational community and creating an awareness among the American public of the internationalization of our economy;

(2) concerted efforts are necessary to engage business schools, language and area study programs, professional schools of international affairs, public and private sector organizations, and United States business in a mutually productive relationship which benefits the Nation's future economic interests;

(3) few linkages presently exist between the manpower and information needs of United States business and the international education, language training and research capacities of institutions of higher education in the United States, and public and private organizations; and

(4) organizations such as world trade councils, world trade clubs, chambers of commerce and State departments of commerce are not adequately used to link universities and business for joint venture exploration and program development.

(b) **PURPOSES.**—It is the purpose of this part—

(1) to enhance the broad objective of this Act by increasing and promoting the Nation's capacity for international understanding and economic enterprise through the provision of suitable international education and training for business personnel in various stages of professional development; and

(2) to promote institutional and noninstitutional educational and training activities that will contribute to the ability of United States business to prosper in an international economy.

SEC. 612. CENTERS FOR INTERNATIONAL BUSINESS EDUCATION.

(a) **PROGRAM AUTHORIZED.**—The Secretary is authorized to make grants to institutions of higher education, or combinations of such institutions, to pay the Federal share of the cost of planning, establishing and operating centers for international business education which—

(1) will be national resources for the teaching of improved business techniques, strategies, and methodologies which emphasize the international context in which business is transacted,

(2) will provide instruction in critical foreign languages and international fields needed to provide understanding of the cultures and customs of United States trading partners, and

(3) will provide research and training in the international aspects of trade, commerce, and other fields of study.

In addition to providing training to students enrolled in the institution of higher education in which a center is located, such centers shall serve as regional resources to businesses proximately located by offering programs and providing research designed to meet the international training needs of such businesses.

(b) **AUTHORIZED EXPENDITURES.**—Each grant made under this section may be used to pay the Federal share of the cost of planning, establishing or operating a center, including the cost of—

(1) faculty and staff travel in foreign areas, regions, or countries,

(2) teaching and research materials,

(3) curriculum planning and development,

(4) bringing visiting scholars and faculty to the center to teach or to conduct research, and

(5) training and improvement of the staff, for the purpose of, and subject to such conditions as the Secretary finds necessary for, carrying out the objectives of this section.

(c) **REQUIRED ACTIVITIES.**—(1) Programs and activities to be conducted by centers assisted under this section shall include—

(A) interdisciplinary programs which incorporate foreign language and international studies training into business, finance, management, communications systems, and other professional curricula;

(B) interdisciplinary programs which provide business, finance, management, communications systems, and other professional training for foreign language and international studies faculty and advanced degree candidates;

(C) evening or summer programs, such as intensive language programs, available to members of the business community and other professionals which are designed to develop or enhance their international skills, awareness, and expertise;

(D) collaborative programs, activities, or research involving other institutions of higher education, local educational agencies, professional associations, businesses, firms, or combinations thereof, to promote the development of international skills, awareness, and expertise among current and prospective members of the business community and other professionals;

(E) research designed to strengthen and improve the international aspects of business and professional education and to promote integrated curricula;

(F) research designed to promote the international competitiveness of American businesses and firms, including those not currently active in international trade; and

(G) opportunities for business students to study abroad in locations which are important to the existing and future economic well-being of the United States.

(2) **PERMISSIBLE ACTIVITIES.**—Programs and activities to be conducted by centers assisted under this section may include—

(A) the establishment of overseas internship programs for students and faculty designed to provide training and experience in international business activities, except that no Federal funds provided under this section may be used to pay wages or stipends to any participant who is engaged in compensated employment as part of an internship program;

(B) other eligible activities prescribed by the Secretary; and

(C) the establishment of linkages overseas with institutions of higher education and other organizations that contribute to the educational objectives of this section; and

(D) summer institutes in international business, foreign area studies, professional schools of international affairs, and other international studies designed to carry out the purposes of paragraph (1) of this subsection.

(d) **ADVISORY COUNCIL.**—(1) In order to be eligible for assistance under this section, an institution of higher education, or combination of such institutions, shall establish a center advisory council which will conduct extensive planning prior to the establishment of

a center concerning the scope of the center's activities and the design of its programs.

(2) **MEMBERSHIP ON ADVISORY COUNCIL.**—The Center Advisory Council shall include—

(A) one representative of an administrative department or office of the institution of higher education;

(B) one faculty representative of the business or management school or department of such institution;

(C) one faculty representative of the international studies or foreign language school or department of such institution;

(D) one faculty representative of another professional school or department of such institution, as appropriate;

(E) one or more representative of local or regional businesses or firms;

(F) one representative appointed by the Governor of the State in which the institution of higher education is located whose normal responsibilities include official oversight or involvement in State-sponsored trade-related activities or programs; and

(G) such other individuals as the institution of higher education deems appropriate.

(3) **MEETINGS.**—In addition to the initial planning activities required under subsection (d)(1), the center advisory council shall meet not less than once each year after the establishment of the center to assess and advise on the programs and activities conducted by the center.

(e) **GRANT DURATION; FEDERAL SHARE.**—

(1) **DURATION OF GRANTS.**—The Secretary shall make grants under this section for a minimum of 3 years unless the Secretary determines that the provision of grants of shorter duration is necessary to carry out the objectives of this section.

(2) **FEDERAL SHARE.**—The Federal share of the cost of planning, establishing and operating centers under this section shall be—

(A) not more than 90 percent for the first year in which Federal funds are furnished,

(B) not more than 70 percent for the second such year, and

(C) not more than 50 percent for the third such year and for each such year thereafter.

(3) **NON-FEDERAL SHARE.**—The non-Federal share of the cost of planning, establishing, and operating centers under this section may be provided either in cash or in-kind assistance.

(f) **GRANT CONDITIONS.**—Grants under this section shall be made on such conditions as the Secretary determines to be necessary to carry out the objectives of this section. Such conditions shall include—

(1) evidence that the institution of higher education, or combination of such institutions, will conduct extensive planning prior to the establishment of a center concerning the scope of the center's activities and the design of its programs in accordance with subsection (d)(1);

(2) assurance of ongoing collaboration in the establishment and operation of the center by faculty of the business, management, foreign language, international studies, professional

schools of international affairs, and other professional schools or departments, as appropriate;

(3) assurance that the education and training programs of the center will be open to students concentrating in each of these respective areas, as appropriate; and

(4) assurance that the institution of higher education, or combination of such institutions, will use the assistance provided under this section to supplement and not to supplant activities conducted by institutions of higher education described in subsection (c)(1).

SEC. 613. EDUCATION AND TRAINING PROGRAMS.

(a) PROGRAM AUTHORIZED.—The Secretary shall make grants to, and enter into contracts with, institutions of higher education to pay the Federal share of the cost of programs designed to promote linkages between such institutions and the American business community engaged in international economic activity. Each program assisted under this section shall both enhance the international academic programs of institutions of higher education and provide appropriate services to the business community which will expand its capacity to engage in commerce abroad.

(b) AUTHORIZED ACTIVITIES.—Eligible activities to be conducted by institutions of higher education under this section shall include, but are not limited to—

(1) innovation and improvement in international education curricula to serve the needs of the business community, including development of new programs for nontraditional, mid-career, or part-time students;

(2) development of programs to inform the public of increasing international economic interdependence and the role of American business within the international economic system;

(3) internationalization of curricula at the junior and community college level, and at undergraduate and graduate schools of business;

(4) development of area studies programs, professional schools of international affairs, and interdisciplinary international programs;

(5) establishment of export education programs through cooperative arrangements with regional and world trade centers and councils, and with bilateral and multilateral trade associations;

(6) research for and development of specialized teaching materials, including language materials, and facilities appropriate to business-oriented students;

(7) establishment of student and faculty fellowships and internships for training and education in international business activities;

(8) development of opportunities for junior business and other professional school faculty to acquire or strengthen international skills and perspectives;

(9) development of research programs on issues of common interest to institutions of higher education and private sector organizations and associations engaged in or promoting international economic activity;

(10) the establishment of internships overseas to enable foreign language students to develop their foreign language skills and knowledge of foreign cultures and societies;

(11) the establishment of linkages overseas with institutions of higher education and organizations that contribute to the educational objectives of this section; and

(12) summer institutes in international business, foreign area and other international studies designed to carry out the purposes of this section.

(c) **APPLICATIONS.**—No grant may be made and no contract may be entered into under the provisions of this section unless an institution of higher education submits an application at such time and in such manner as the Secretary may reasonably require. Each such application shall be accompanied by a copy of the agreement entered into by the institution of higher education with a business enterprise, trade organization or association engaged in international economic activity, or a combination or consortium of such enterprises, organizations or associations, for the purpose of establishing, developing, improving or expanding activities eligible for assistance under subsection (b) of this section. Each such application shall contain assurances that the institution of higher education will use the assistance provided under this section to supplement and not to supplant activities conducted by institutions of higher education described in subsection (b).

(d) **FEDERAL SHARE.**—The Federal share under this part for each fiscal year shall not exceed 50 percent of the cost of such program.

SEC. 614. AUTHORIZATION OF APPROPRIATIONS.

(a) **CENTERS FOR INTERNATIONAL BUSINESS EDUCATION.**—There are authorized to be appropriated \$10,000,000 for the fiscal year 1993 and for each of the 4 succeeding fiscal years, to carry out the provisions of section 612.

(b) **EDUCATION AND TRAINING PROGRAMS.**—There are authorized to be appropriated \$7,500,000 for the fiscal year 1993, and such sums as may be necessary for the 4 succeeding fiscal years, to carry out the provisions of section 613.

PART C—GENERAL PROVISIONS

SEC. 631. DEFINITIONS.

(a) **DEFINITIONS.**—As used in this title—

(1) the term "area studies" means a program of comprehensive study of the aspects of a society or societies, including study of its history, culture, economy, politics, international relations and languages;

(2) the term "international business" means profit-oriented business relationships conducted across national boundaries and includes activities such as the buying and selling of goods; investments in industries; the licensing of processes, patents and trademarks; and

(3) the term "export education" means educating, teaching and training to provide general knowledge and specific skills pertinent to the selling of goods and services to other countries, including knowledge of market conditions, financial arrangements, laws and procedures;

(4) the term "internationalization of curricula" means the incorporation of international or comparative perspectives in existing courses of study or the addition of new components to the curricula to provide an international context for American business education;

(5) the term "comprehensive language and area center" means an administrative unit of a university that contributes significantly to the national interest in advanced research and scholarship, employs a critical mass of scholars in diverse disciplines related to a geographic concentration, offers intensive language training in languages of its area specialization, maintains important library collections related to the area, and makes training available in language and area studies to a graduate, postgraduate, and undergraduate clientele; and

(6) the term "undergraduate language and area center" means an administrative unit of an institution of higher education, including but not limited to 4-year colleges, that contributes significantly to the national interest through the education and training of students who matriculate into advanced language and area studies programs, professional school programs, or incorporates substantial international and foreign language content into baccalaureate degree programs, engages in research, curriculum development and community outreach activities designed to broaden international and foreign language knowledge, employs faculty with strong language, area, and international studies credentials, maintains library holdings, including basic reference works, journals, and works in translation, and makes training available predominantly to undergraduate students;

(7) the term "critical languages" means each of the languages contained in the list of critical languages designated by the Secretary pursuant to section 212(d) of the Education for Economic Security Act (50 Fed. Reg. 149, 31413), except that, in the implementation of this definition, the Secretary may set priorities according to the purposes of this title; and

(8) the term "institution of higher education" means, in addition to institutions which meet the definition of section 1201(a) of this Act, institutions which meet the requirements of section 1201(a) of this Act except that (1) they are not located in the United States, and (2) they apply for assistance under this title in consortia with institutions which meet the definition of 1201(a) of this Act.

(b) **SPECIAL CONDITIONS.**—All references to individuals or organizations, unless the context otherwise requires, mean individuals who are citizens or permanent residents of the United States or organizations which are organized or incorporated in the United States.

SEC. 632. PRESERVATION OF PRE-1992 PROGRAMS.

Notwithstanding any other provision of law, amendments to this title establishing new programs or expanding existing programs enacted pursuant to the Higher Education Amendments of 1992 shall not be funded in fiscal year 1993, or the 4 succeeding fiscal years, unless and until Congress enacts appropriations for programs under this title enacted prior to such Amendments at a level no less than

the level of funding in effect for such preexisting programs for fiscal year 1992.

PART D--INSTITUTE FOR INTERNATIONAL PUBLIC POLICY

SEC. 641. ESTABLISHMENT.

(a) **ESTABLISHMENT.**—There is authorized to be established an Institute for International Public Policy through grant or contract between the Secretary and an eligible recipient. The Institute for International Public Policy shall conduct a program to significantly increase the numbers of African Americans and other minorities in the international service, international voluntary service, and foreign service of the United States.

(b) **DEFINITION OF ELIGIBLE RECIPIENT.**—An eligible recipient shall be a consortia of institutions eligible for assistance under part B of title III of this Act, other institutions of higher education which serve substantial numbers of African American and other minority students, and institutions of higher education with nationally recognized programs in training foreign service professionals. Each consortia shall designate an institution of higher education as the host institution for the Institute for International Public Policy.

SEC. 642. ACADEMIC YEAR ABROAD PROGRAM.

The Institute for International Public Policy shall conduct an academic year abroad program. The academic year abroad program shall be open to eligible students at institutions of higher education, including historically Black colleges and universities as defined in section 322 of this Act, tribally-controlled Indian community colleges as defined in the Tribally Controlled Community College Assistance Act, and other institutions of higher education with significant minority student populations. Eligible students expenses shall be shared by the Institute and the institution at which the student is in attendance. Each student may spend up to 9 months abroad in a program of academic study, as well as social, familial and political interactions designed to foster an understanding of and familiarity with the language, culture, economics and governance of the host country.

SEC. 643. MASTERS DEGREE IN INTERNATIONAL RELATIONS.

The Institute for International Public Policy shall provide, in cooperation with the other consortium institutions, a program of study leading to a masters degree in international relations. The masters degree program designed by the consortia shall be reviewed and approved by the Board of Visitors. The Institute may grant fellowships in an amount not to exceed \$15,000 annually to students who undertake full-time study and who agree to enter the international service, international voluntary service, or foreign service of the United States.

SEC. 644. INTERNSHIPS.

The Institute shall enter into agreements with historically Black Colleges and universities as defined in section 322 of this Act, tribally-controlled Indian community colleges as defined in the tribally Controlled Community College Assistance Act, and other institutions of higher education with significant numbers of minority students to provide academic year internships during the junior and

senior year and summer internships following the sophomore and junior academic years, by work placements with an international voluntary or government agency, including the Agency for International Development, the United States Information Agency, the International Monetary Fund, the National Security Council, the Organization of American States, the Organization of African Unity, the Overseas Private Investment Corporation, the Department of State, Office of the United States Trade Representative, the World Bank, and the United Nations.

SEC. 645. BOARD OF VISITORS.

(a) **BOARD.**—There shall be appointed a Board of Visitors for the Institute for International Public Policy, in addition to 3 ex-officio members, 1 of whom shall be designated by the Secretary of Education and 1 of whom shall be designated by the Secretary of State. The President of each of the consortia institutions shall also name 1 representative to the Board of Visitors who shall meet the criteria set forth in section 645(b) of this title. The President of the host institution shall also serve as an ex-officio member of the Board of Visitors. The Board shall review and advise the Institute with respect to all aspects of the academic program and shall submit an annual report to the Secretary of Education and the Secretary of State on the Institute's activities and accomplishments, on the progress of the academic program, and shall include a statistical analysis of the placement of minorities in the foreign service.

(b) **QUALIFICATIONS.**—The qualifications for service on the Board of Visitors shall include: (1) previous experience in the foreign service, including appointive service as an Ambassador or another diplomat; (2) academic experience in instruction or research and writing in international political, economic or social areas; (3) extensive practical or professional experience in overseas business, development or international voluntary work; or (4) governmental experience in the foreign service or international service.

SEC. 646. PROGRAM REQUIREMENTS.

(a) **REQUIREMENTS FOR JUNIOR YEAR ABROAD.**—As used in this part—

(1) An eligible student for the junior year abroad program must be enrolled full-time in a baccalaureate degree program at an institution of higher education, and be entering the third year of study at institution which nominates him/her for participation in the junior year abroad program.

(2) An institution of higher education desiring to send a student on the junior year abroad enter into a Memorandum of Understanding with the Institute to provide the requisite academic preparation for students participating in the junior year abroad or internship programs, and agrees to pay one-half the cost of each student it nominates for participation in the junior year abroad program, and meets such other requirements as the Secretary of Education may from time to time, by regulation, reasonably require.

(b) **MATCH REQUIRED.**—The recipient of a grant or contract under this part shall contribute to the conduct of the program supported by the grant or contract an amount from non-Federal sources equal

to at least one-fourth the amount of the grant, which contribution may be in cash or in services, supplies, or equipment.

SEC. 647. GIFTS AND DONATIONS.

The Institute is authorized to receive money and other property donated, bequeathed, or devised to the Institute with or without a condition of restriction, for the purpose of providing financial support for the Fellowships or underwriting the cost of the Junior Year Abroad Program. All funds or property given, devised, or bequeathed shall be retained in a separate account, and an accounting of those funds and property shall be included in the annual report of the Board of Visitors to the Secretary of Education and the Secretary of State.

SEC. 648. AUTHORIZATION.

There is authorized to be appropriated for fiscal year 1993, \$15,000,000 to carry out the purposes of this part and such sums as may be necessary for each succeeding fiscal year.

TITLE VII—CONSTRUCTION, RECONSTRUCTION, AND RENOVATION OF ACADEMIC FACILITIES

PURPOSES

SEC. 701. (a) IN GENERAL.—The Secretary shall carry out programs of financial assistance to institutions of higher education and to higher education building agencies for the construction, reconstruction, or renovation of academic facilities and the acquisition and maintenance of special research and instructional instrumentation and equipment [if the primary purpose of such assistance is to enable such institutions—]. In making such grants, the Secretary shall include, but not be limited to, assistance to enable institutions—

(1) to bring their facilities into conformity with the requirements of—

[(A) the Act of August 12, 1968, commonly known as the Architectural Barriers Act of 1968;

[(B) section 504 of the Rehabilitation Act of 1973;]
(A) Federal, State, and local laws requiring removal of barriers to full participation by disabled individuals;

[(C)] (B) environmental protection or health and safety programs mandated by Federal, State, or local law, if such requirements were not in effect at the time such facilities were constructed; or

[(D)] (C) hazardous waste disposal, treatment, and storage requirements mandated by the Resource Conservation and Recovery Act of 1976, or similar State statutes;

* * * * *

(4) to construct, reconstruct, or renovate the Nation's academic research and instructional instrumentation and facilities, including libraries, (including renovation of libraries to promote the use of new technologies and preservation of library materials) and to acquire and maintain special research and instructional instrumentation and equipment;

* * * * *

(b) **PRIORITY ON RENOVATION.**—In the awarding of grants under part A or B of this title, [priority shall be given] *priority may be given* to projects involving the renovation of facilities.

[APPROPRIATIONS AUTHORIZED]

[SEC. 702. (a) PARTS A AND B.—There are authorized to be appropriated—

[(1) \$15,000,000 for part A for fiscal year 1987,

[(2) \$10,000,000 for part B for each fiscal year, and

[(3) such sums as may be necessary for parts A and B for each of the 4 succeeding fiscal years.

except that no funds may be appropriated for parts A and B for any such fiscal year unless at least \$20,000,000 is appropriated for part E of this title for such fiscal year or for a preceding fiscal year.

[(b) OTHER PROGRAMS.—There are authorized to be appropriated—

[(1) \$50,000,000 for fiscal year 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years for part C

[(2) \$25,000,000 for fiscal year 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years for part D; and

[(3) \$20,000,000 for fiscal year 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years for part E.]

APPROPRIATIONS AUTHORIZED

SEC. 702. (a) PARTS A AND B.—There are authorized to be appropriated—

(1) \$50,000,000 for part A for fiscal year 1993 and each of the 4 succeeding fiscal years; and

(2) \$50,000,000 for part B for fiscal year 1993 and each of the 4 succeeding fiscal years.

(b) OTHER PROGRAMS.—There are authorized to be appropriated—

(1) such sums as may be necessary to provide not more than \$100,000,000 in loans under part C for fiscal year 1993 and for each of the 4 succeeding fiscal years; and

(2) \$25,000,000 for fiscal year 1993 and for each of the 4 succeeding fiscal years for part D.

[PART A—GRANTS FOR THE CONSTRUCTION, RECONSTRUCTION, AND RENOVATION OF UNDERGRADUATE ACADEMIC FACILITIES]

[STATE PLAN]

[SEC. 711. (a) SUBMISSION AND CONTENTS OF PLAN.—Any State desiring to participate in the grant program authorized by this part shall have an agreement pursuant to section 1203 and submit annually to the Secretary, through the State agency designated in such agreement, a State plan which shall—

[(1) provide that the plan shall be administered by the State entity having an agreement under section 1203;

[(2) set forth objective standards and methods which are consistent with basic criteria established under section 712, for—

[(A) determining the relative priorities of eligible projects submitted by institutions of higher education within the State, and

[(B) certifying the Federal share of the cost of each project;

[(3) provide for every applicant an opportunity for a hearing before the State agency regarding the priority assigned to such project, or any other decision by the State agency adversely affecting such applicant; and

[(4) provide for accounting procedures necessary to assure proper disbursement of Federal funds.

[(b) HEARING REQUIRED BEFORE DISAPPROVAL.—The Secretary shall not disapprove any State plan, or modification thereof, without first affording the State agency reasonable notice and opportunity for a hearing.

[(c) SUSPENSION FOR NONCOMPLIANCE.—Whenever the Secretary finds that the State plan substantially fails to comply with this section, the Secretary shall notify the State that it is ineligible to participate in the program under this part until a determination is made that there is no longer a failure to comply.

【BASIC CRITERIA

【SEC. 712. (a) SECRETARY TO PRESCRIBE CRITERIA.—The Secretary shall, by regulation, prescribe basic criteria for the consideration of State plans which ensure—

[(1) flexibility for States to accommodate the varied needs of institutions in the States;

[(2) consideration of the degree to which applicant institutions are effectively using existing facilities; and

[(3) that the Federal share shall not exceed 50 percent of the development costs of a project.

[(b) RULEMAKING PROCEDURES REQUIRED.—Section 553 of title 5, United States Code, shall apply to the prescription of regulations under this section.

【ALLOTMENT OF FUNDS

【SEC. 713. (a) USE FOR PUBLIC COMMUNITY COLLEGES AND TECHNICAL INSTITUTES; OTHERS.—From the sums appropriated pursuant to section 702 to carry out the purposes of this part, not less than 24 percent shall be allotted to States under subsection (b) for public community colleges and public technical institutes. The remainder of such sums shall be allotted to States under subsection (c) for all other institutions of higher education.

[(b) ALLOTMENT FOR PUBLIC COMMUNITY COLLEGES AND TECHNICAL INSTITUTES.—(1) For the purpose of making grants to public community colleges and public technical institutes, the Secretary shall allot to each State an amount which bears the same ratio to the amount available for allotment under this subsection as the product of—

[(A) the number of persons in the State who have graduated from high school or received an equivalent certificate during the previous school year, and

[(B) the State's allotment ratio, bears to the sum of the corresponding products for all the States:

[(2)(A) Except as provided in subparagraph (B), the allotment ratio shall be 1.00 less the product of—

[(i) 0.50, and

[(ii) the quotient obtained by dividing the income per person for the State by the income per person for all States (not including Puerto Rico, the Virgin Islands, American Samoa, the Trust Territory of the Pacific Islands, and Guam).

[(B) Notwithstanding subparagraph (A)—

[(i) the allotment ratio shall in no case be less than 0.33 $\frac{1}{3}$ or more than 0.66 $\frac{2}{3}$;

[(ii) the allotment ratio for Puerto Rico, the Virgin Islands, American Samoa, the Trust Territory of the Pacific Islands, and Guam shall be 0.66 $\frac{2}{3}$; and

[(iii) the allotment ratio of any State shall be 0.50 for any fiscal year if the Secretary finds that the cost of school construction in such State exceeds twice the median of such costs in all the States as determined by the Secretary on the basis of statistics and data as the Secretary shall deem adequate and appropriate.

[(C) Allotment ratios shall be promulgated annually by the Secretary on the basis of the average personal income in the State and in all the States for the three most recent consecutive calendar years for which data are available from the Department of Commerce.

[(c) ALLOTMENT FOR OTHER INSTITUTIONS.—For the purpose of making grants to all other institutions of higher education, the Section shall allot to each State—

[(1) an amount which bears the same ratio to 50 percent of the amount available for allotment under this subsection as the number of students enrolled in institutions of higher education in such State bears to the number of students so enrolled in all States; and

[(2) an amount which bears the same ratio to 50 percent of the amount available for allotment under this subsection as the number of students enrolled in grades 9 through 12 of schools in such State bears to the total number of students so enrolled in all the States.

[(d) AGGREGATE LIMITS AND RATABLE REDUCTIONS.—The aggregate amount allotted to any State under subsections (b) and (c) for any fiscal year shall not be less than \$100,000. If the sums appropriated pursuant to section 702 are not sufficient to make payments to each State, then the amount of each State's allotment shall be ratably reduced.

[(e) REALLOCATION.—(1) Any portion of a State's allotment under subsections (b) and (c) for any fiscal year for which applications from qualified institutions have not been received by the State agency prior to January 1 of such fiscal year shall, by request, be available for payment of the Federal share of cost of other approved projects.

[(2) Amounts allotted under this section for any fiscal year which are not used by the close of the fiscal year shall be reallocated by the Secretary among the States which are able to use the funds without delay during the next fiscal year.

[(f) **USE FOR CONSTRUCTION, RECONSTRUCTION, RENOVATION.**—Funds available under this part may be used for construction, reconstruction, or renovation of undergraduate facilities and combined graduate and undergraduate facilities.

[(g) **USE FOR MAINTENANCE.**—In addition, an amount less than or equal to 10 percent of that portion of an award granted under this part which is allotted by the recipient to meet costs of—

[(1) research or instructional instrumentation and equipment, and

[(2) equipment and structural changes necessary to ensure the proper functioning of such research or instructional instrumentation and equipment,

may be allocated by the recipient for maintenance of equipment and changes described in paragraphs (1) and (2). Part or all of this percentage may also be applied to costs of upgrading such equipment and structural changes within three years of the date of initial use, if the recipient deems such upgrading essential to the continued utility (usefulness) of such research or instructional instrumentation and equipment.]

PART A—GRANTS FOR THE CONSTRUCTION, RECONSTRUCTION, AND RENOVATION OF UNDERGRADUATE ACADEMIC FACILITIES

SEC. 711. GRANTS.

(a) **GRANTS TO INSTITUTIONS; STATE LIMITATION.**—(1) Funds available for this part shall be used by the Secretary to make grants to institutions of higher education to construct, reconstruct, and renovate undergraduate academic facilities pursuant to an application for assistance consistent with the objectives of this title.

(2) The total payment for any fiscal year made to institutions of higher education in any State shall not exceed 12.5 percent of sums appropriated for this part.

(b) **PEER REVIEW REQUIRED.**—In making grants under this section, the Secretary shall utilize a national peer review panel. The panel shall be broadly representative of all types and classes of institutions of higher education in the United States. Such panel shall make recommendations to the Secretary based on its assessment of—

(1) the effectiveness of the program in the proposed use of Federal assistance;

(2) the extent to which the receipt of the grant will assist the institution in overcoming deficiencies in existing equipment and facilities; and

(3) the compatibility of the proposal with a State plan, where such plan exists.

(c) **COST LIMITATIONS.**—The amount of the grant shall not exceed 50 percent of the development cost of the project. No funds or resources provided through Federal programs shall be used to meet the institution's share of the program supported under this section.

(d) **USE FOR MAINTENANCE.**—An amount less than or equal to 10 percent of that portion of an award granted under this part which is allotted by the recipient to meet costs of—

(1) research and instructional instrumentation and equipment; and

(2) equipment and structural changes necessary to ensure the proper functioning of such research or instructional instrumentation and equipment;

may be allocated by the recipient for maintenance of equipment and changes described in paragraphs (1) and (2). Part or all of this percentage may also be applied to costs of upgrading such equipment and structural changes within 3 years of the date of initial use, if the recipient deems such upgrading essential to the continued usefulness of such research or instructional instrumentation and equipment.

* * * * *

[PART C—LOANS FOR CONSTRUCTION, RECONSTRUCTION, AND RENOVATION OF ACADEMIC FACILITIES

[ELIGIBILITY CONDITIONS, AMOUNTS, AND TERMS

[SEC. 731. (a) SELECTION OF RECIPIENTS.—From the sums available for this part, the Secretary shall make loans to institutions of higher education and to higher education building agencies for programs consistent with the purposes of this title. No loan shall be made unless the Secretary finds that—

[(1) not less than 20 percent of the development cost of the project will be financed from non-Federal sources;

[(2) the applicant is unable to secure the loan from other sources upon terms and conditions equally as favorable as those applicable to loans under this part;

[(3) the project will be undertaken in an economical manner; and

[(4) for any project with regard to an infirmary or other outpatient care facility for students and institutional personnel, assistance will not be provided under part F of this title.

[(b) TERMS OF LOANS.—Loans shall be repaid within 50 years and shall bear interest at (1) a rate annually determined by the Secretary which shall be not more than one-quarter of 1 percentage point above the average annual interest rate on all interest-bearing obligations of the United States forming a part of the public debt as computed at the end of the preceding fiscal year, adjusted to the nearest one-eighth of 1 percent, or (2) the rate of 5.5 percent per year, whichever is less.

[(c) USE FOR MAINTENANCE.—An amount less than or equal to 10 percent of that portion of a loan granted under this part which is allotted by the recipient to meet costs of—

[(1) research or instructional instrumentation and equipment, and

[(2) equipment and structural changes necessary to ensure the proper functioning of such research or instructional instrumentation and equipment,

may be allocated by the recipient for maintenance of equipment and changes described in paragraphs (1) and (2). Part or all of this percentage may also be applied to costs of upgrading such equipment and structural changes within three years of the date of initial use, if the recipient deems such upgrading essential to the continued utility (usefulness) of such research or instructional instrumentation and equipment.

[GENERAL PROVISIONS FOR LOAN PROGRAM

[SEC. 732. (a) CONCLUSIVENESS OF SECRETARY'S TRANSACTIONS.—Financial transactions of the Secretary, except with respect to administrative expenses, shall be final and conclusive on all officers of the Government and shall not be reviewable by any court.

[(b) GENERAL AUTHORITY.—In the performance of, and with respect to, the functions vested in the Secretary by this part, the Secretary may—

[(1) prescribe such rules and regulations as may be necessary to carry out the purposes of this part;

[(2) sue and be sued in any court of record of a State having general jurisdiction or in any district court of the United States, and such district courts shall have jurisdiction of civil actions arising under this part without regard to the amount in controversy, and any action instituted under this subsection by or against the Secretary shall survive notwithstanding any change in the person occupying the office of the Secretary or any vacancy in such office; but no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Secretary or property under his control, and nothing herein shall be construed to except litigation arising out of activities under this part from the application of sections 507(b) and 517 and 2679 of title 28, United States Code;

[(3) foreclose on any property and bid for and purchase at any foreclosure, or any other sale, any property in connection with which the Secretary has made a loan pursuant to this part; in the event of such an acquisition, notwithstanding any other provisions of law relating to the acquisition, handling, or disposal of real property by the United States, the Secretary may complete, administer, remodel and convert, dispose of, lease, and otherwise deal with, such property; except that (A) such action shall not preclude any other action by the Secretary to recover any deficiency in the amounts loaned, and (B) any such acquisition of real property shall not deprive any State or political subdivision thereof of its civil or criminal jurisdiction in and over such property or impair the civil rights under the State or local laws of the inhabitants on such property;

[(4) sell, exchange, or lease real or personal property and securities or obligations;

[(5) modify, with respect to the rate of interest, the time of payment of principal, interest, security, or any other term of any contract or agreement to which the Secretary is a party, including—

[(A) granting a moratorium on the repayment of principal or interest to a party temporarily unable to make such repayment without undue financial hardship provided the applicant files, and the Secretary approves, a plan to make repayment; and

[(B) granting to a borrower of a loan made before October 1, 1986, the option of repaying the loan at a discount computed in accordance with subsection (c) if the Secretary has received satisfactory assurances that the facilities financed with the loan will continue to be used for purposes related to the educational institution for the original term of the loan, and the prepayment is (i) made from non-Federal sources, (ii) not derived from proceeds of obligations the income of which is exempt from taxation under the Internal Revenue Code of 1986, (iii) made on a loan that has been outstanding for at least 5 years, and (iv) is made prior to October 1, 1991; and

[(6) include in any contract such other covenants, conditions, or provisions necessary to ensure that the purposes of this title will be achieved.

[(c) COMPUTATION OF ALLOWABLE DISCOUNTS.—The Secretary shall compute the discount which may be offered to a borrower as an inducement to early repayment under subsection (b)(5) in an amount determined by the Secretary to be in the best financial interests of the Government, taking into account the yield on outstanding marketable obligations of the United States having maturities comparable to the remaining term of such loan.

[(d) NONDISCRIMINATION BETWEEN BORROWERS IN OFFERING DISCOUNTED PREPAYMENT.—(1) If the Secretary offers a discount as an inducement to early repayment under subsection (b)(5), such offer shall be available without regard to whether the borrower is delinquent or in default on the loan on or before October 1, 1986, but the Secretary shall refuse to make such offer to a borrower that becomes delinquent or goes into default after that date.

[(2) The discount offered shall apply, in the case of a borrower that complies with paragraph (1), to the entire amount outstanding on the loan (including any amount owed with respect to payments that are overdue).

[(REVOLVING LOAN FUND

[(SEC. 733. (a) ESTABLISHMENT.—There is created within the Treasury a revolving loan fund for the purpose of making loans under this part (hereafter referred to as the "fund") which shall be available to the Secretary without fiscal year limitation. The total of any loans made from the fund in any fiscal year shall not exceed limitations specified in appropriations Acts.

[(b) MANAGEMENT OF FUND.—(1) The Secretary shall transfer to the fund appropriations provided under section 702 to provide capital for making loans. Interest and principal payments on loans, and any other moneys, property, or assets derived from activities under this part shall be deposited in the fund.

[(2) All loans, expenses, and payments pursuant to operation of this part shall be paid from the fund, including expenses and pay-

ments in connection with sale, pursuant to section 302(c) of the Federal National Mortgage Association Charter Act, of participations in obligations acquired under this part. At the close of each fiscal year, the Secretary shall pay interest on the cumulative amount of funds paid out for loans under this part less the average undisbursed cash balance in the fund during the year. The interest rate shall be determined by the Secretary of the Treasury, taking into consideration the average market yield on outstanding Treasury obligations of maturity comparable to the average maturity of loans made from the fund during the month preceding each fiscal year. Interest payments may be deferred with the approval of the Secretary of the Treasury, but interest payments so deferred shall themselves bear interest. If the Secretary determines that moneys in the fund exceed the present and prospective needs of the fund, the excess may be transferred to the general fund of the Treasury.]

PART C—LOANS FOR CONSTRUCTION, RECONSTRUCTION AND RENOVATION OF ACADEMIC, HOUSING, AND OTHER EDUCATIONAL FACILITIES

SEC. 731. FEDERAL ASSISTANCE IN THE FORM OF LOANS.

(a) **AUTHORITY AND CONDITIONS FOR LOANS.**—To assist institutions of higher education in the construction, reconstruction, or renovation of housing, undergraduate and graduate academic facilities, and other educational facilities for students and faculties, the Secretary may make loans of funds to such institutions for the construction, reconstruction, or renovation of such facilities. No such assistance shall be provided unless—

- (1) the educational institution involved is unable to secure the necessary funds for the construction or purchase from other sources upon terms and conditions equally as favorable as the terms and conditions applicable to loans under this title; and
- (2) the Secretary finds that any such construction will be undertaken in an economical manner, and that any such facilities are not or will not be of elaborate or extravagant design or materials.

(b) **AMOUNT AND CONDITIONS OF LOANS.**—A loan to institutions of higher education or higher education building agency—

- (1) may be in an amount not exceeding the total development cost of the facility, as determined by the Secretary;

- (2) shall be secured in such manner and be repaid within such period, not exceeding 50 years, as may be determined by the Secretary; and

- (3) shall bear interest at a rate determined by the Secretary which shall be not more than the lower of (A) 5.5 percent per annum, or (B) the total of one-quarter of 1 percent per annum added to the rate of interest paid by the Secretary on funds obtained from the Secretary of the Treasury.

No loan shall be made unless the Secretary finds that not less than 20 percent of the development cost of the project will be financed from non-Federal sources.

SEC. 732. GENERAL PROVISIONS.

(a) **BUDGET AND ACCOUNTING.**—In the performance of, and with respect to, the functions, powers, and duties under this part, the Secretary, notwithstanding the provisions of any other law, shall—

(1) prepare annually and submit a budget program as provided for wholly owned Government corporations by chapter 91 of title 31, United States Code; and

(2) maintain a set of accounts which shall be audited by the Comptroller General in accordance with the provisions of chapter 35 of title 31, United States Code, but such financial transactions of the Secretary, as the making of loans and vouchers approved by the Secretary, in connection with such financial transactions shall be final and conclusive upon all officers of the Government.

(b) **USE OF FUNDS.**—Funds made available to the Secretary pursuant to the provisions of this part shall be deposited in a checking account or accounts with the Treasurer of the United States. Receipts and assets obtained or held by the Secretary in connection with the performance of functions under this part, and all funds available for carrying out the functions of the Secretary under this part (including appropriations therefore, which are hereby authorized), shall be available, in such amounts as may from year to year be authorized by the Congress, for the administrative expenses of the Secretary in connection with the performance of such functions.

(c) **LEGAL POWERS.**—In the performance of, and with respect to, the functions, powers, and duties under this part, the Secretary, notwithstanding the provisions of any other law, may—

(1) prescribe such rules and regulations as may be necessary to carry out the purposes of this part;

(2) sue and be sued;

(3) foreclose on any property or commence any action to protect or enforce any right conferred upon him by any law, contract, or other agreement, and bid for and purchase at any foreclosure or any other sale any property in connection with which the Secretary has made a loan pursuant to this part;

(4) in the event of any such acquisition, notwithstanding any other provisions of law relating to the acquisition, handling, or disposal of real property by the United States, complete, administer, remodel and convert, dispose of, lease, and otherwise deal with, such property, but any such acquisition of real property shall not deprive any State or political subdivision thereof of its civil or criminal jurisdiction in and over such property or impair the civil rights under the State or local laws of the inhabitants on such property.

(5) sell or exchange at public or private sale, or lease, real or personal property, and sell or exchange any securities or obligations, upon such terms as the Secretary may fix;

(6) obtain insurance against loss in connection with property and other assets held;

(7) subject to the specific limitations in this part, consent to the modification, with respect to the rate of interests, time of payment of any installment of principal or interest, security, or any other term of any contract or agreement to which the Secretary is a party or which has been transferred to the Secretary

pursuant to this part, granting to a borrower of a loan made before October 1, 1992, the option of repaying the loan at a discount computed in accordance with subsection (d), if the payment is (A) made from non-Federal sources, (B) not derived from proceeds of obligations the income of which is exempt from taxation under the Internal Revenue Code of 1986, and (C) made on a loan that has been outstanding for at least 5 years; and

(8) include in any contract or instrument made pursuant to this title such other covenants, conditions, or provisions as may as necessary to assure that the purposes of this part will be achieved.

(d) **COMPUTATION OF ALLOWABLE DISCOUNTS.**—The Secretary shall compute the discount which may be offered to a borrower as an inducement to early repayment under subsection (c)(7) in an amount determined by the Secretary to be in the best financial interests of the Government, taking into account the yield on outstanding marketable obligations of the United States having maturities comparable to the remaining term of such loan.

(e) **NONDISCRIMINATION BETWEEN BORROWERS IN OFFERING DISCOUNTED PREPAYMENT.**—(1) If the Secretary offers a discount as an inducement to early repayment under subsection (c)(7), such offer shall be available without regard to whether the borrower is delinquent or in default on the loan on or before October 1, 1991, but the Secretary shall refuse to make such offer to a borrower that becomes delinquent or goes into default after that date.

(2) The discount offered shall apply, in the case of a borrower that complies with paragraph (1), to the entire amount outstanding on the loan (including any amount owed with respect to payments that are overdue).

(f) **CONTRACTS FOR SUPPLIES OR SERVICES.**—Section 3709 of the Revised Statutes shall not apply to any contract for services or supplies on account of any property acquired pursuant to this part if the amount of such contract does not exceed \$1,000.

(g) **APPLICABILITY OF GOVERNMENT CORPORATION CONTROL ACT.**—The provisions of section 9107(a) of title 31, United States Code, which are applicable to corporations or agencies subject to chapter 91 of such title, shall also be applicable to the activities of the Secretary under this part.

(h) **WAGE RATES.**—The Secretary shall take such action as may be necessary to ensure that all laborers and mechanics employed by contractors or subcontractors on any project assisted under this part—

(1) shall be paid wages at rates not less than those prevailing on the same type of work on similar construction in the immediate locality as determined by the Secretary of Labor in accordance with the Act of March 3, 1931 (Davis-Bacon Act), as amended; and

(2) shall be employed not more than 40 hours in any one week unless the employee receives wages for his employment in excess of the hours specified above at a rate not less than one and one-half times the regular rate at which he is employed;

but the Secretary may waive the application of this subsection in cases or classes of cases where laborers or mechanics, not otherwise

employed at any time in the construction of such project, voluntarily donate their services without full compensation for the purpose of lowering the costs of construction and the Secretary determines that any amounts saved thereby are fully credited to the educational institution undertaking the construction.

(i) **LIMITATION.**—No loan may be made under this part for any facility on the campus of any undergraduate postsecondary educational institution until 5 years after the date on which a previous loan for another facility on such campus was made under this part, unless the loan is intended to be used to construct or reconstruct a facility damaged as a result of a national disaster, as declared by the President.

SEC. 733. APPORTIONMENT.

(a) **LIMITATION.**—Not more than 12.5 percent of the amount of the funds provided for in this part in the form of loans shall be made available to educational institutions within any one State.

(b) **PRIORITIES.**—In awarding loans under this part, the Secretary shall give priority—

(1) to loans for renovation or reconstruction of graduate or undergraduate academic facilities; and

(2) to loans for renovation or reconstruction of older graduate or undergraduate academic facilities that have gone without major renovation or reconstruction of an extended period.

SEC. 734. DEFINITIONS.

For the purpose of this part:

(a) **HOUSING.**—The term "housing" means—

(1) new or existing structures suitable for dwelling use, including single-room dormitories and apartments; and

(2) dwelling facilities provided for rehabilitation, alteration, conversion, or improvement of existing structures which are otherwise inadequate for the proposed dwelling use.

(b) **EDUCATIONAL INSTITUTION.**—The term "institution of higher education or higher education building agency" means—

(1)(A) any educational institution which offers, or provides satisfactory assurance to the Secretary that it will offer within a reasonable time after completion of a facility for which assistance is requested under this part, at least a 2-year program acceptable for full credit toward a baccalaureate degree (including any public educational institution, or any private educational institution no part of the net earnings of which inures to the benefit of any private shareholder or individual); or

(B) any public educational institution which—

(i) is administered by a college or university;

(ii) offers technical or vocational instruction; and

(iii) provides residential facilities for some or all of the students receiving such instruction;

(2) any hospital operating a school of nursing beyond the level of high school approved by the appropriate State authority, or any hospital approved for internships, by recognized authority, if such hospital is either a public hospital or a private hospital, no part of the net earnings of which inures to the benefit of any private shareholder or individual;

(3) any corporation (no part of the net earnings of which inures to the benefit of any private shareholder or individual)—

(A) established for the sole purpose of providing housing or other educational facilities for students or students and faculty of one or more institutions included in paragraph (1) without regard to their membership in or affiliation with any social, fraternal, or honorary society or organization; and

(B) upon dissolution of which all title to any property purchased or built from the proceeds of any loan which is made under section 731, will pass to such institution (or to any one or more of such institutions) unless it is shown to the satisfaction of the Secretary that such property or the proceeds from its sale will be used for some other nonprofit educational purpose;

(4) any agency, public authority, or other instrumentality of any State, established for the purpose of providing or financing housing or other educational facilities for students or faculty of any educational institution included in paragraph (1), but nothing in this paragraph shall require an institution included in paragraph (1) to obtain loans or grants through any instrumentality included in this paragraph; and

(5) any nonprofit student housing cooperative corporation established for the purpose of providing housing for students or students and faculty of any institution included in paragraph (1).

In the case of any loan made under section 731 to a corporation described in paragraph (3) which was not established by the institution or institutions for whose students or students and faculty it would provide housing, or to a student housing cooperative corporation described in paragraph (5), and in the case of any loan which is obtained from other sources by such a corporation, the Secretary shall require that the note securing such loan be cosigned by such institution (or by any one or more of such institutions). Where the law of any State in effect on the date of enactment of the Housing Act of 1964 prevents the institution or institutions, for whose students or students and faculty housing is to be provided, from cosigning the note, the Secretary shall require the corporation and the proposed project to be approved by such institution (or by any one or more of such institutions) in lieu of such cosigning.

(c) UNDERGRADUATE AND GRADUATE ACADEMIC FACILITIES.—(1) Except as provided in paragraph (2), the term "undergraduate and graduate academic facilities" means structures suitable for use as classrooms, laboratories, libraries, and related facilities, the primary purpose of which is the instruction of students pursuing at least a 2-year program acceptable for full credit toward a baccalaureate degree, or for administration of the educational programs serving such students, of an institution of higher education, and maintenance, storage, or utility facilities essential to operation of the foregoing facilities, as well as infirmaries or other facilities designed to provide primarily for outpatient care of student and instructional personnel. Plans for such facilities shall be in compliance with such standards as the Secretary may prescribe or approve in order to ensure that projects assisted with the use of Federal

funds under this title shall be, to the extent appropriate in view of the uses to be made of the facilities, accessible to and usable by handicapped persons.

(2) The term "undergraduate and graduate academic facilities" shall not include (A) any facility intended primarily for events for which admission is to be charged to the general public, (B) any gymnasium or other facility specially designed for athletic or recreational activities, other than for an academic course in physical education or where the Secretary finds that the physical integration of such facilities with other undergraduate academic facilities included under this part is required to carry out the objectives of this part, (C) any facility used or to be used for sectarian instruction or as a place for religious worship, or (D) any facility which (although not a facility described in the preceding clause) is used or to be used primarily in connection with any part of the program of a school or department of divinity.

(d) **DEVELOPMENT COST.**—The term "development cost" means costs of the construction of the housing, academic facilities, or other educational facilities and the land on which it is located, including necessary site improvements to permit its use for housing, academic facilities, or other educational facilities; except that in the case of the purchase of facilities such term means the cost as approved by the Secretary.

(e) **FACULTIES.**—The term "faculties" means members of the faculty and their families.

(f) **OTHER EDUCATIONAL FACILITIES.**—The term "other educational facilities" means (1) new or existing structures suitable for use as cafeterias or dining halls, student centers or student unions, infirmaries or other inpatient or outpatient health facilities, or for other essential service facilities, and (2) structures suitable for the above uses provided by rehabilitation, alteration, conversion, or improvement of existing structures which are otherwise inadequate for such uses.

* * * * *

[PART F—HOUSING AND OTHER EDUCATIONAL FACILITIES LOANS

[FEDERAL ASSISTANCE IN THE FORM OF LOANS

[SEC. 761. (a) **AUTHORITY AND CONDITIONS FOR LOANS.**—To assist undergraduate postsecondary educational institutions in the construction, reconstruction, or renovation of housing, undergraduate academic facilities, and other educational facilities for students and faculties, the Secretary may make loans of funds to such institutions for the construction, reconstruction, or renovation of such facilities. No such assistance shall be provided unless—

[(1) the educational institution involved is unable to secure the necessary funds for the construction or purchase from other sources upon terms and conditions equally as favorable as the terms and conditions applicable to loans under this title; and

[(2) the Secretary finds that any such construction will be undertaken in an economical manner, and that any such facili-

ties are not or will not be of elaborate or extravagant design or materials.

[(b) USE OF LOANS FOR PREVIOUSLY MADE CONTRACTS.]—Any undergraduate postsecondary educational institution which, prior to the date of enactment of this section, has contracted for housing or other educational facilities may, in connection therewith, receive loans authorized under this title, as the Secretary may determine. No such loan shall be made for any housing or other educational facilities, the construction of which was begun prior to the effective date of this section, or completed prior to the filing of an application under this title.

[(c) AMOUNT AND CONDITIONS OF LOANS.]—A loan to an undergraduate postsecondary educational institution—

[(1)] may be in an amount not exceeding the total development cost of the facility, as determined by the Secretary;

[(2)] shall be secured in such manner and be repaid within such period, not exceeding 50 years, as may be determined by the Secretary; and

[(3)] shall bear interest at a rate determined by the Secretary which shall be not more than the lower of (A) 5.5 percent per annum, or (B) the total of one-quarter of 1 percent per annum added to the rate of interest paid by the Secretary on funds obtained from the Secretary of the Treasury as provided in subsection (d).

[(d) USE OF FUNDS FROM TITLE IV OF THE HOUSING ACT OF 1950.]—Funds obtained pursuant to section 401(d) of the Housing Act of 1950 shall be available for the purposes of carrying out this part. For such purposes, the total amount of notes and obligations which the Secretary may continue to issue and have outstanding for purchase by the Secretary of the Treasury shall not exceed the amount issued and outstanding under such section 401(d) as of September 30, 1985. Such notes and other obligations shall be in such forms and denominations, have such maturities, and be subject to such terms and conditions as may be prescribed by the Secretary, with the approval of the Secretary of the Treasury. Such notes or other obligations issued to obtain funds for loan contracts entered into after the effective date of the Higher Education Act Amendments of 1986 shall bear interest at a rate determined by the Secretary of the Treasury which shall not be more than the average current yield on outstanding obligations of the United States of comparable maturities in the month preceding the month in which the contract for such loan is made. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the Secretary issued under this part and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under chapter 31 of title 31, United States Code, and the purposes for which securities may be issued under such chapter are extended to include any purchases of such notes and other obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired under this part. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States.

[(e) USE OF FUNDS.—Not less than 10 percent of the funds held by the Secretary under subsection (d) shall be made available for loans under this part for each fiscal year.

[(f) APPROPRIATION TO COVER NOTES AND OBLIGATIONS NOT COVERED BY LOAN REPAYMENT.—There are authorized to be appropriated to the Secretary such sums as may be necessary, together with principal and interest payments made by postsecondary educational institutions assisted with loans made under this part (or under title IV of the Housing Act of 1950), for payment on notes and obligations issued by the Secretary under this part or such title.

[GENERAL PROVISIONS

[SEC. 762. (a) BUDGET AND ACCOUNTING.—In the performance of, and with respect to, the functions, powers, and duties under this part, the Secretary notwithstanding the provisions of any other law, shall—

[(1) prepare annually and submit a budget program as provided for wholly owned Government corporations by chapter 91 of title 31, United States Code; and

[(2) maintain a set of accounts which shall be audited by the Comptroller General in accordance with the provisions of chapter 35 of title 31, United States Code, but such financial transactions of the Secretary, as the making of loans and vouchers approved by the Secretary, in connection with such financial transactions shall be final and conclusive upon all officers of the Government.

[(b) USE OF FUNDS.—Funds made available to the Secretary pursuant to the provisions of this part shall be deposited in a checking account or accounts with the Treasurer of the United States. Receipts and assets obtained or held by the Secretary in connection with the performance of functions under this part, and all funds available for carrying out the functions of the Secretary under this part (including appropriations therefore, which are hereby authorized), shall be available, in such amounts as may from year to year be authorized by the Congress, for the administrative expenses of the Secretary in connection with the performance of such functions.

[(c) LEGAL POWERS.—In the performance of, and with respect to, the functions, powers, and duties under this part, the Secretary, notwithstanding the provisions of any other law, may—

[(1) prescribe such rules and regulations as may be necessary to carry out the purposes of this part;

[(2) sue and be sued;

[(3) foreclose on any property or commence any action to protect or enforce any right conferred upon him by any law, contract, or other agreement, and bid for and purchase at any foreclosure or any other sale any property in connection with which the Secretary has made a loan pursuant to this part;

[(4) in the event of any such acquisition, notwithstanding any other provision of law relating to the acquisition, handling, or disposal of real property by the United States, complete, administer, remodel and convert, dispose of, lease, and otherwise deal with, such property, but any such acquisition of

real property shall not deprive any State or political subdivision thereof of its civil or criminal jurisdiction in and over such property or impair the civil rights under the State or local laws of the inhabitants on such property;

[(5) sell or exchange at public or private sale, or lease, real or personal property, and sell or exchange any securities or obligations, upon such terms as the Secretary may fix;

[(6) obtain insurance against loss in connection with property and other assets held;

[(7) subject to the specific limitations in this part, consent to the modification, with respect to the rate of interest, time of payment of any installment of principal or interest, security, or any other term of any contract or agreement to which the Secretary is a party or which has been transferred to the Secretary pursuant to this part, granting to a borrower of a loan made before October 1, 1986, the option of repaying the loan at a discount computed in accordance with subsection (d) if the repayment is (A) made from non-Federal sources, (B) not derived from proceeds of obligations, the income of which is exempt from taxation under the Internal Revenue Code of 1986, and (C) made on a loan that has been outstanding for at least 5 years; and

[(8) include in any contract or instrument made pursuant to this title such other covenants, conditions, or provisions as may be necessary to assure that the purposes of this part will be achieved.

[(d) COMPUTATION OF ALLOWABLE DISCOUNTS.—The Secretary shall compute the discount which may be offered to a borrower as an inducement to early repayment under subsection (c)(7) in an amount determined by the Secretary to be in the best financial interests of the Government, taking into account the yield on outstanding marketable obligations of the United States having maturities comparable to the remaining term of such loan.

[(e) NONDISCRIMINATION BETWEEN BORROWERS IN OFFERING DISCOUNTED PREPAYMENT.—(1) If the Secretary offers a discount as an inducement to early repayment under subsection (c)(7), such offer shall be available without regard to whether the borrower is delinquent or in default on the loan on or before October 1, 1986, but the Secretary shall refuse to make such offer to a borrower that becomes delinquent or goes into default after that date.

[(2) The discount offered shall apply, in the case of a borrower that complies with paragraph (1), to the entire amount outstanding on the loan (including any amount owed with respect to payments that are overdue).

[(f) CONTRACTS FOR SUPPLIES OR SERVICES.—Section 3709 of the Revised Statutes shall not apply to any contract for services or supplies on account of any property acquired pursuant to this part if the amount of such contract does not exceed \$1,000.

[(g) APPLICABILITY OF GOVERNMENT CORPORATION CONTROL ACT.—The provisions of section 9107(a) of title 31, United States Code, which are applicable to corporations or agencies subject to chapter 91 of such title, shall also be applicable to the activities of the Secretary under this part.

[(h) WAGE RATES.—The Secretary shall take such action as may be necessary to ensure that all laborers and mechanics employed by contractors or subcontractors or ¹ any project assisted under this part, the construction or rehabilitation of which was commenced after the date of enactment of the Housing Act of 1950—

[(1) shall be paid wages at rates not less than those prevailing on the same type of work on similar construction in the immediate locality as determined by the Secretary of Labor in accordance with the Act of March 3, 1931 (Davis-Bacon Act), as amended; and

[(2) shall be employed not more than 40 hours in any one week unless the employee receives wages for his employment in excess of the hours specified above at a rate not less than one and one-half times the regular rate at which he is employed;

but the Secretary may waive the application of this subsection in cases or classes of cases where laborers or mechanics, not otherwise employed at any time in the construction of such project, voluntarily donate their services without full compensation for the purpose of lowering the costs of construction and the Secretary determines that any amounts saved thereby are fully credited to the educational institution undertaking the construction.

[(i) LIMITATION.—No loan may be made under this part for any facility on the campus of any undergraduate postsecondary educational institution until 10 years after the date on which a previous loan for another facility on such campus was made under this part.

[APPORTIONMENT; PRIORITIES]

[SEC. 763. (a) APPORTIONMENT.—Not more than 12.5 percent of the amount of the funds provided for in this part in the form of loans shall be made available to educational institutions within any one State.

[(b) PRIORITIES.—In awarding loans under this part, the Secretary shall give priority—

[(1) to loans for renovation or reconstruction of undergraduate academic facilities; and

[(2) to loans for renovation or reconstruction of older undergraduate academic facilities and undergraduate academic facilities that have gone without major renovation or reconstruction for an extended period.

[DEFINITIONS]

[SEC. 764. For the purpose of this part:

[(a) HOUSING.—The term “housing” means—

[(1) new or existing structures suitable for dwelling use, including single-room dormitories and apartments; and

[(2) dwelling facilities provided for rehabilitation, alteration, conversion, or improvement of existing structures which are otherwise inadequate for the proposed dwelling use.

[(b) EDUCATIONAL INSTITUTION.—The term “undergraduate postsecondary educational institution” means—

[(1)(A) any educational institution which offers, or provides satisfactory assurance to the Secretary that it will offer within

a reasonable time after completion of a facility for which assistance is requested under this part, at least a 2-year program acceptable for full credit toward a baccalaureate degree (including any public educational institution, or any private educational institution no part of the net earnings of which inures to the benefit of any private shareholder or individual); or

[(B) any public educational institution which—

[(i) is administered by a college or university which is accredited by a nationally recognized accrediting agency or association;

[(ii) offers technical or vocational instruction; and

[(iii) provides residential facilities for some or all of the students receiving such instruction;

[(2) any hospital operating a school of nursing beyond the level of high school approved by the appropriate State authority, if such hospital is either a public hospital or a private hospital, no part of the net earnings of which inures to the benefit of any private shareholder or individual;

[(3) any corporation (no part of the net earning of which inures to the benefit of any private shareholder or individual)—

[(A) established for the sole purpose of providing housing or other educational facilities for students or students and faculty of one or more institutions included in paragraph (1) without regard to their membership in or affiliation with any social, fraternal, or honorary society or organization; and

[(B) upon dissolution of which all title to any property purchased or built from the proceeds of any loan which is made under section 761, will pass to such institution (or to anyone or more of such institutions) unless it is shown to the satisfaction of the Secretary that such property or the proceeds from its sale will be used for some other nonprofit educational purpose;

[(4) any agency, public authority, or other instrumentality of any State, established for the purpose of providing or financing housing or other educational facilities for students or faculty of any educational institution included in paragraph (1), but nothing in this paragraph shall require an institution included in paragraph (1) to obtain loans or grants through any instrumentality included in this paragraph; and

[(5) any nonprofit student housing cooperative corporation established for the purpose of providing housing for students and faculty of any institution included in paragraph (1).

In the case of any loan made under section 761 to a corporation described in paragraph (3) which was not established by the institution or institutions for whose students or students and faculty it would provide housing, or to a student housing cooperative corporation described in paragraph (5), and in the case of any loan which is obtained from other sources by such a corporation, the Secretary shall require that the note securing such loan be cosigned by such institution (or by any one or more of such institutions). Where the law of any State in effect on the date of enactment of the Housing Act of 1964 prevents the institution or institutions, for whose stu-

dents or students and faculty housing is to be provided, from cosigning the note, the Secretary shall require the corporation and the proposed project to be approved by such institution (or by any one or more of such institutions) in lieu of such cosigning.

[(c) UNDERGRADUATE ACADEMIC FACILITIES.—(1) Except as provided in paragraph (2), the term “undergraduate academic facilities” means structures suitable for use as classrooms, laboratories, libraries, and related facilities, the primary purpose of which is the instruction of students pursuing at least a two-year program acceptable for full credit toward a baccalaureate degree, or for administration of the educational programs serving such students, of an institution of higher education, and maintenance, storage, or utility facilities essential to operation of the foregoing facilities, as well as infirmaries or other facilities designed to provide primarily for outpatient care of student and instructional personnel. Plans for such facilities shall be in compliance with such standards as the Secretary may prescribe or approve in order to insure that projects assisted with the use of Federal funds under this title shall be, to the extent appropriate in view of the uses to be made of the facilities, accessible to and usable by handicapped persons.

[(2) The term “undergraduate academic facilities” shall not include (A) any facility intended primarily for events for which admission is to be charged to the general public. (B) any gymnasium or other facility specially designed for athletic or recreational activities, other than for an academic course in physical education or where the Secretary finds that the physical integration of such facilities with other undergraduate academic facilities included under this part is required to carry out the objectives of this part, (C) any facility used or to be used for sectarian instruction or as a place for religious worship, or (D) any facility which (although not a facility described in the preceding clause) is used or to be used primarily in connection with any part of the program of a school or department of divinity.

[(d) DEVELOPMENT COST.—The term “development cost” means costs of the construction of the housing or other educational facilities and the land on which it is located, including necessary site improvements to permit its use for housing or other educational facilities; except that in the case of the purchase of facilities such term means the cost as approved by the Secretary.

[(e) FACULTY.—The term “faculties” means member ¹ of the faculty and their families.

[(f) OTHER EDUCATIONAL FACILITIES.—The term “other educational facilities” means (1) new or existing structures suitable for use as cafeterias or dining halls, student centers or student unions, infirmaries or other inpatient or outpatient health facilities, or for other essential service facilities, and (2) structures suitable for the above uses provided by rehabilitation, alteration, conversion, or improvement of existing structures which are otherwise inadequate for such uses.]

PART F—HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING

SEC. 761. FINDINGS.

The Congress finds that—

(1) a significant part of the Federal mission in education has been to attain equal opportunity in higher education for low-income, educationally disadvantaged Americans and African Americans;

(2) the Nation's historically Black colleges and universities have played a prominent role in American history and have an unparalleled record of fostering the development of African American youth by recognizing their potential, enhancing their academic and technical skills, and honing their social and political skills through higher education;

(3) the academic and residential facilities on the campuses of all historically Black colleges and universities have suffered from neglect, deferred maintenance and are in need of capital improvements in order to provide appropriate settings for learning and social development through higher education;

(4) due to their small enrollments, limited endowments and other financial factors normally considered by lenders in construction financing, historically Black colleges and universities often lack access to the sources of funding necessary to undertake the necessary capital improvements through borrowing and bond financing;

(5) despite their track record of long-standing and remarkable institutional longevity and viability, historically Black colleges and universities often lack the financial resources necessary to gain access to traditional sources of capital financing such as bank loans and bond financing; and

(6) Federal assistance to facilitate low-cost capital basis for historically Black colleges and universities will enable such colleges and universities to continue and expand their educational mission and enhance their significant role in American higher education.

SEC. 762. DEFINITIONS.

For the purposes of this part—

(1) The term "eligible institution" means a "part B institution" as that term is defined in section 322(2) of the Higher Education Act of 1965 (20 U.S.C. 1061(2)).

(2) The term "Advisory Board" means the Advisory Board established by section 766 of this part.

(3) The term "loan" means a loan made to an eligible institution under the provisions of this part and pursuant to an agreement with the Secretary.

(4) The term "qualified bond" means any obligation issued by the designated bonding authority at the direction of the Secretary, the net proceeds of which are loaned to an eligible institution for the purposes described in section 763(b).

(5) The term "funding" means any payment under this part from the Secretary to the eligible institution or its assignee in

fulfillment of the insurance obligations of the Secretary pursuant to an agreement under section 763.

(6) The term "capital project" means, subject to section 764(b) of this part—

(A) any classroom facility, library, laboratory facility, dormitory (including dining facilities) or other facility customarily used by colleges and universities for instructional or research purposes or for housing students, faculty, and staff;

(B) instructional equipment, research instrumentation, and any capital equipment or fixture related to facilities described in subparagraph (A);

(C) any other facility, equipment or fixture the construction, acquisition, or renovation of which is essential to the maintaining of accreditation of the member institution by a nationally recognized accrediting agency or association; and

(D) any real property or interest therein underlying facilities described in subparagraph (A) or (C).

(7) The term "interest" includes accredited value or any other payment constituting interest on an obligation.

(8) The term "outstanding", when used with respect to bonds, shall not include bonds the payment of which shall have been provided for by the irrevocable deposit in trust of obligations maturing as to principal and interest in such amounts and at such times as will ensure the availability of sufficient moneys to make payments on such bonds.

(9) The term "designated bonding authority" means the private, for-profit corporation selected by the Secretary pursuant to section 765(1) of this part for the purpose of issuing taxable construction bonds in furtherance of the purposes of this part.

SEC. 763. FEDERAL INSURANCE FOR BONDS.

(a) **GENERAL RULE.**—Subject to the limitations in section 764 of this part, the Secretary is authorized to enter into insurance agreements to provide financial insurance to guarantee the full payment of principal and interest on qualified bonds upon the conditions set forth in subsections (b) and (c) of this section.

(b) **RESPONSIBILITIES OF THE DESIGNATED BONDING AUTHORITY.**—The Secretary may not enter into an insurance agreement described in subsection (a) of this section unless the Secretary designates a qualified bonding authority in accordance with sections 765(1) and 766 and the designated bonding authority agrees in such agreement to—

(1) use the proceeds of the qualified bonds, less costs of issuance not to exceed 2 percent of the principal amount thereof, to make loans to eligible institutions or for deposit into a reserve fund for repayment of the bonds;

(2) provide in each loan agreement with respect to a loan that not less than 75 percent of the proceeds of the loan will be used—

(A) to finance the construction, acquisition, equipping, or renovation of a capital project; or

(B) to refinance an obligation the proceeds of which were used to finance the construction, acquisition, equipping, or renovation of a capital project;

(3)(A) charge such interest on loans, and provide for such a schedule of repayments of loans, as will, upon the timely repayment of the loans, provide adequate and timely funds for the payment of principal and interest on the bonds; and

(B) require that any payment on a loan expected to be necessary to make a payment of principal and interest on the bonds be due no less than 60 days prior to the date of the payment on the bonds for which it is expected to be needed;

(4) prior to the making of any loan, provide for a credit review of the member institution receiving the loan and assure the Secretary that, on the basis of such credit review, it is reasonable to anticipate that the member institution receiving the loan will be able to repay the loan in a timely manner pursuant to the terms thereof;

(5) provide in each loan agreement with respect to a loan that, if a delinquency on such loan results in a funding under the insurance agreement, the member institution obligated on such loan shall repay the Secretary, upon terms to be determined by the Secretary, for such funding;

(6) assign any loans to the Secretary, upon the demand of the Secretary, if a delinquency on such loan has required a funding under the insurance agreement;

(7) in the event of a delinquency on a loan, engage in such collection efforts as the Secretary shall require for a period of not less than 45 days prior to requesting a funding under the insurance agreement;

(8) create a reserve fund from the proceeds of the bonds to be drawn upon to pay principal and interest on bonds in the event of delinquencies in loan repayment;

(9) provide in each loan agreement with respect to a loan that, if a delinquency on such loan results in amounts being withdrawn from the reserve fund to pay principal and interest on bonds, subsequent payments on such loan shall be available to replenish such reserve fund;

(10) comply with the limitations set forth in section 764 of this part; and

(11) make loans only to eligible institutions under this part in accordance with regulations prescribed by the Secretary to ensure that loans are fairly allocated among as many eligible institutions as possible, consistent with making loans of amounts that will permit capital projects of sufficient size and scope to significantly contribute to the educational program of the eligible institutions.

(c) **ADDITIONAL AGREEMENT PROVISIONS.**—Any insurance agreement described in subsection (a) of this section shall provide as follows:

(1) The payment of principal and interest on bonds shall be insured by the Secretary until such time as such bonds have been retired or canceled.

(2) The Secretary shall create a letter of credit authorizing the Treasury Department to disburse funds to the designated bonding authority or its assignee.

(3) The letter of credit shall be drawn upon in the amount determined by paragraph (4) of this subsection upon the certification of the designated bonding authority to the Secretary or the Secretary's designee that there is a delinquency on 1 or more loans and there are insufficient funds available from loan repayments and the reserve fund to make a scheduled payment of principal and interest on the bonds.

(4) Upon receipt by the Secretary or the Secretary's designee of the certification described in paragraph (3) of this subsection, the designated bonding authority may draw a funding under the letter of credit in an amount equal to—

(A) the amount required to make the next scheduled payment of principal and interest on the bonds, less

(B) the amount available to the designated bonding authority from loan repayments and the reserve fund.

(5) All fundings under the letter of credit shall be paid to the designated bonding authority within 2 business days following receipt of the certification described in paragraph (3) of this subsection.

(d) **FULL FAITH AND CREDIT PROVISIONS.**—The full faith and credit of the United States is pledged to the payment of all fundings which may be required to be paid under the provisions of this section.

SEC. 764. LIMITATIONS ON FEDERAL INSURANCE FOR BONDS ISSUED BY THE DESIGNATED BONDING AUTHORITY.

(a) **LIMIT ON AMOUNT.**—At no time shall the aggregate principal amount of outstanding bonds insured under this part together with any accrued unpaid interest thereon exceed \$500,000,000, of which—

(1) not more than \$350,000,000 shall be used for loans to eligible institutions that are private historically Black colleges and universities; and

(2) not more than \$150,000,000 shall be used for loans to eligible institutions which are historically Black public colleges and universities.

For purposes of paragraphs (1) and (2), Lincoln University of Pennsylvania and Howard University in Washington, District of Columbia are historically Black public institutions.

(b) **LIMITATION ON CREDIT AUTHORITY.**—The authority of the Secretary to issue letters of credit and insurance under this part is effective only to the extent provided in advance by appropriations Acts.

(c) **RELIGIOUS ACTIVITY PROHIBITION.**—No loan may be made under this Act for any educational program, activity or service related to sectarian instruction or religious worship or provided by a school or department of divinity or to an institution in which a substantial portion of its functions is subsumed in a religious mission.

(d) **DISCRIMINATION PROHIBITION.**—No loan may be made to a member institution under this part if the member institution discriminates on account of race, color, religion, national origin, sex (to the extent provided in title IX of the Education Amendments of

1972), or handicapping condition; except that the prohibition with respect to religion shall not apply to a member institution which is controlled by or which is closely identified with the tenets of a particular religious organization if the application of this section would not be consistent with the religious tenets of such organization.

SEC. 765. AUTHORITY OF THE SECRETARY.

In the performance of, and with respect to, the functions vested in the Secretary by this Act, the Secretary—

(1) *shall, within 120 days of enactment of this Act, publish in the Federal Register a notice and request for proposals for any private for-profit organization or entity wishing to serve as the designated bonding authority under this part, which notice shall—*

(A) *specify the time and manner for submission of proposals;*

(B) *specify any information, qualifications, criteria, or standards the Secretary determines to be necessary to evaluate the financial capacity and administrative capability of any applicant to carry out the responsibilities of the designated bonding authority under this part;*

(2) *may sue and be sued in any court of record of a State having general jurisdiction or in any district court of the United States, and such district courts shall have jurisdiction of civil actions arising under this part without regard to the amount in controversy, and any action instituted under this part without regard to the amount in controversy, and any action instituted under this section by or against the Secretary shall survive notwithstanding any change in the person occupying the office of the Secretary or any vacancy in such office;*

(3)(A) *may foreclose on any property and bid for and purchase at any foreclosure, or any other sale, any property in connection with which the Secretary has been assigned a loan pursuant to this part; and*

(B) *in the event of such an acquisition, notwithstanding any other provisions of law relating to the acquisition, handling, or disposal of real property by the United States, complete, administer, remodel and convert, dispose of, lease, and otherwise deal with, such property, except that—*

(i) *such action shall not preclude any other action by the Secretary to recover any deficiency in the amount of a loan assigned to the Secretary; and*

(ii) *any such acquisition of real property shall not deprive any State or political subdivision thereof of its civil or criminal jurisdiction in and over such property or impair the civil rights under the State or local laws of the inhabitants on such property,*

(4) *may sell, exchange, or lease real or personal property and securities or obligations; and*

(5) *may include in any contract such other covenants, conditions, or provisions necessary to ensure that the purposes of this Act will be achieved.*

SEC. 766. HBCU CAPITAL FINANCING ADVISORY BOARD.

(c) **ESTABLISHMENT AND PURPOSE.**—There is established within the Department of Education, the Historically Black College and Universities Capital Financing Advisory Board which shall provide advice and counsel to the Secretary and the designated bonding authority as to the most effective and efficient means of implementing construction financing on Black college campuses, and advise the Congress of the United States regarding the progress made in implementing this part. The Advisory Board shall meet with the Secretary at least twice each year to advise him as to the capital needs of historically Black colleges and universities, how those needs can be met through the program authorized by this part, what additional steps might be taken to improve the operation and implementation of the construction financing program, and how minority vendors and historically Black colleges might mutually benefit under this part.

(b) BOARD MEMBERSHIP.—

(1) **COMPOSITION.**—The Advisory Board shall be composed of 9 members as follows:

- (A) the Secretary or the Secretary's designee;
- (B) three members who are presidents of private historically Black colleges or universities;
- (C) two members who are presidents of public historically Black colleges or universities;
- (D) the president of the United Negro College Fund, Inc.;
- (E) the president of the National Association for Equal Opportunity in Higher Education; and
- (F) the executive director of the White House Initiative on historically Black colleges and universities.

(2) **TERMS.**—The term of office of each member appointed under paragraph (1)(C) shall be 3 years, except that—

- (A) of the members first appointed, 2 shall be appointed for terms of one year, 2 shall be appointed for terms of 2 years, and 3 shall be appointed for terms of 3 years, as designated at the time of their appointment;
- (B) members appointed to fill a vacancy occurring before the expiration of a term of member shall be appointed to serve the remainder of that term; and
- (C) a member may continue to serve after the expiration of a term until a successor is appointed.

SEC. 767. MINORITY BUSINESS ENTERPRISE UTILIZATION.

In the performance of and with respect to the Secretary's effectuation of his responsibilities under section 765(1) and to the maximum extent feasible in the implementation of the purposes of this part, minority business persons, including bond underwriters and credit enhancers, bond counsel, marketers, accountants, advisors, construction contractors, and managers should be utilized.

[PART G—SPECIAL PROGRAMS**[WELCH HALL**

[SEC. 771. (a) PROGRAM AUTHORITY.—In recognition of the unique architectural and historic significance to the education pro-

fession of Welch Hall, the Secretary is authorized, in accordance with the provisions of this section, to provide financial assistance to Eastern Michigan University in Ypsilanti, Michigan, for the purpose of the renovation and restoration of the physical facilities of Welch Hall.

[(b) APPLICATION.—No financial assistance may be made available under this section except upon an application at such time, in such manner, and containing or accompanied by such information, as the Secretary may reasonably require.

[(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated \$2,000,000 to carry out the provisions of this section. Funds appropriated pursuant to this section shall remain available until expended.

【ACADEMIC HEALTH EDUCATION CENTER AUTHORIZED

【SEC. 772. (a) ASSISTANCE AUTHORIZED.—The Secretary is authorized, in accordance with the provisions of this section, to provide financial assistance to the Rochester Institute of Technology located in Rochester, New York, to pay the Federal share of the cost of construction, and related costs (including equipment), for the Academic Health Education Center facility at the Rochester Institute of Technology, to be used as a national model for the integration of student academic, counseling, health, and professional development activities. The Center will integrate students and programs developed for the hearing-impaired.

[(b) TERMS AND CONDITIONS.—(1) No financial assistance may be made available under this section except upon application at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require.

[(2) For the purpose of this section, the Federal share of the cost of the Academic Health Education Center facility at the Rochester Institute of Technology shall not exceed 50 percent.

[(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums, not to exceed \$1,800,000 to carry out the provisions of this section. Funds appropriated pursuant to this section shall remain available until expended.

【ESTEY HALL

【SEC. 773. (a) PROGRAM AUTHORITY.—In recognition of its historic and architectural significance as the first Black women's college dormitory, the Secretary is authorized, in accordance with the provisions of this section, to provide financial assistance to Shaw University of Raleigh, North Carolina, for the purpose of the renovation and restoration of the physical facilities of Estey Hall.

[(b) APPLICATION.—No financial assistance may be made under this section except upon an application at such time, in such manner, and containing or accompanied by such information, as the Secretary may reasonably require.

[(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated \$550,000 to carry out the provisions of this section. Funds appropriated pursuant to this section shall remain available until expended.

[ELECTRONIC INSTRUCTIONAL NETWORK FOR GIFTED AND TALENTED STUDENTS

[SEC. 774. (a) ASSISTANCE AUTHORIZED.—In recognition of the benefits to be gained from applying existing and emerging technologies to classroom instruction, the Secretary is authorized, under the provisions of this section, to provide financial assistance to a 4-year postsecondary institution in cooperation with school districts, for the purpose of renovating, constructing, and equipping a facility incorporating such technological advances as two-way interactive video communications to extend an existing electronic instructional network for providing college and advanced level courses to talented and gifted secondary school students.

[(b) APPLICATION.—No financial assistance may be made available under this section except upon an application at such time, in such manner, and containing or accompanied by such information, as the Secretary may reasonably require.

[(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated \$2,000,000 to carry out the provisions of this section. Funds appropriated pursuant to this section shall remain available until expended.

[MARY MCLEOD BETHUNE MEMORIAL FINE ARTS CENTER

[SEC. 775. (a) GENERAL AUTHORITY.—In recognition of the remarkable career of Mary McLeod Bethune, founder and president of Bethune-Cookman College, founder and first president of the National Council of Negro Women, and confidant and advisor to Presidents of the United States, and in order to enhance the ability of Bethune-Cookman College to carry on the unique quality of service to the community and to the Nation that characterizes the life of Mary McLeod Bethune, the Secretary shall, in accordance with the provisions of this section, provide financial assistance to the Bethune-Cookman College in Volusia County, Florida, to enable the Bethune-Cookman College to establish the Mary McLeod Bethune Memorial Fine Arts Center.

[(b) APPLICATION.—No financial assistance may be made under this section except upon an application at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require.

[(c) USES.—The financial assistance made available pursuant to this section shall be used for the construction of the Mary McLeod Bethune Memorial Fine Arts Center building, the acquisition of necessary equipment, and the acquisition of necessary real property for the establishment of the Center.

[(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums, not to exceed \$6,200,000, as may be necessary to carry out the provisions of this section. Funds appropriated pursuant to this section shall remain available until expended.

[UNIVERSITY OF CONNECTICUT BEHAVIORAL SCIENCE FACILITY

[SEC. 776. (a) GENERAL AUTHORITY.—The Secretary is authorized to provide financial assistance, in accordance with the provisions of this section, to pay the costs of the Behavioral Science Facility at

the University of Connecticut, located at Storrs, Connecticut, to enable the University of Connecticut to expand collaborative research for the benefit of the region.

[(b) APPLICATION.—No financial assistance may be made under this section except upon an application at such time, in such manner, and containing or accompanied by such information, as the Secretary may reasonably require.]

[(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums, not to exceed \$1,300,000, as may be necessary to carry out the provisions of this section. Funds appropriated pursuant to this section shall remain available until expended.]

[UNIVERSITY OF RHODE ISLAND BUSINESS ADMINISTRATION PROGRAM]

[SEC. 777. (a) GENERAL AUTHORITY.—The Secretary is authorized to provide financial assistance, in accordance with the provisions of this section, to pay the costs establishing a business administration program leading to a doctorate degree at the University of Rhode Island located at Kingston, Rhode Island, in order to enhance economic development of the southeastern New England region.]

[(b) APPLICATION.—No financial assistance may be made under this section except upon an application at such time, in such manner, and containing or accompanied by such information, as the Secretary may reasonably require.]

[(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums, not to exceed \$300,000, as may be necessary to carry out the provisions of this section. Funds appropriated pursuant to this section shall remain available until expended.]

PART [H] G—GENERAL

RECOVERY OF PAYMENTS

SEC. [781] 771. (a) PUBLIC BENEFIT.—The Congress declares that, if a facility constructed with the aid of a grant under part A or B of this title is used as an academic facility for 20 years following completion of such construction, the public benefit accruing to the United States will equal in value the amount of the grant. The period of 20 years after completion of such construction shall therefore be deemed to be the period of Federal interest in such facility for the purposes of this title.

* * * * *

DEFINITIONS

SEC. [782] 772. The following definitions apply to terms used in this title:

(1)(A) Except as provided in subparagraph (B), the term "academic facilities" means structures suitable for use as classrooms, laboratories, libraries, and related facilities necessary or appropriate for instruction of students, or for research, or for administration of the educational or research programs, of an institution of higher education, and maintenance, storage, or utility facilities essential to operation of the foregoing facili-

ties. For the purpose of part A or C, such term includes infirmaries or other facilities designed to provide primarily for outpatient care of student and instructional personnel. Plans for such facilities shall be in compliance with such standards as the Secretary may prescribe or approve in order to ensure that projects assisted with the use of Federal funds under this title shall be, to the extent appropriate in view of the uses to be made of the facilities, accessible to and usable by handicapped persons.

* * * * *

SALES OF OBLIGATIONS REQUIRED

SEC. [783] 773. The Secretary shall sell, at public or private sale, obligations held under parts C and F of this title upon such terms as the Secretary may fix and in such amounts as the Secretary determines will carry out the directions in the concurrent resolution on the budget for the fiscal year 1987 (S. Con. Res. 120, 99th Congress, agreed to June 27, 1986), but the Secretary shall not sell obligations having a market value of more than \$579,000,000 in fiscal year 1987 and more than \$314,000,000 in fiscal year 1988.

Notwithstanding any other provision of this title, after September 30, 1988, the Secretary shall not sell any of such obligations. Any agreement providing for delaying payment (with respect to obligations sold) until after September 30, 1988, or for delaying delivery of such obligations or delaying taking other actions in furtherance of such a sale until after such date, shall be considered to be a violation of the preceding sentence.

FORGIVENESS OF CERTAIN LOANS

SEC. 774. (a) FORGIVENESS AUTHORIZED.—*The Secretary may forgive the entire balance due on any loan made under part C or part F of this title (as in effect on the day before the date of enactment of the Higher Education Amendments of 1992), or under the College Housing and Academic Facilities Loan program, or any portion thereof, whenever the Secretary determines that—*

(1) the institution seeking loan forgiveness is a historically black college or university as defined in section 322(2) of this Act or is a tribally controlled community college, as defined in section 2(a)(4) of the Tribally Controlled Community College Assistance Act;

(2) the institution is current in its payments to the Department or has entered into a moratorium agreement with the Secretary with respect to such payments; and

(3) the outstanding indebtedness exceeds, by twice the amount, the operating budget of the institution seeking forgiveness of its housing loan indebtedness and in the judgment of the Secretary the survival of the institution is threatened.

(b) DEFINITION.—*For purposes of this section, the term "institution" includes an institution of higher education and an undergraduate postsecondary educational institution.*

(c) APPLICATION.—*Each institution requesting forgiveness of any loan under this section shall submit an application to the Secretary*

at such time, in such manner and containing or accompanied by such information, as the Secretary may reasonably require.

[PART J—AGRICULTURE, STRATEGIC METALS, MINERALS, FORESTRY AND OCEANS COLLEGE AND UNIVERSITY RESEARCH FACILITIES AND INSTRUMENTATION MODERNIZATION PROGRAM

[PROGRAM AUTHORITY

[SEC. 795. (a) PURPOSE.—It is the purpose of this section to help revitalize college and university academic research programs that specialize in agricultural, strategic metals and minerals, energy, forestry and wood products, and oceanic research by assisting colleges and universities in repair and renovation of their research laboratories and other research facilities and upgrading or replacing outmoded research equipment and instrumentation currently in use at such facilities for agricultural, strategic metals, minerals, energy, forestry, and oceans research.

[(b) FINANCIAL ASSISTANCE AUTHORIZED.—The Secretary shall, from the sums available to carry out this section in any fiscal year, establish and carry out a new College and University Research Facilities and Instrumentation Modernization Program for agriculture, strategic metals, minerals, energy, forestry, and oceanic research that will provide assistance for the replacement, repair, or renovation of such institutions' obsolete laboratories, other research facilities, and outmoded equipment and instrumentation. No funds made available under this section may be used for the construction of new facilities.

[(c) PROGRAM REQUIREMENTS.—The College and University Research Facilities and Instrumentation Modernization Program for agriculture, strategic metals, minerals, energy, forestry, and oceans shall be carried out through projects which involve the replacement, repair, or renovation of specific research facilities and research equipment or instrumentation at colleges and universities. Funds shall be awarded competitively, on the basis of specific proposals submitted by colleges and universities, in accordance with regulations prescribed by the Secretary. The Secretary shall consult with the Secretaries of Agriculture, Interior, Energy, and Commerce and shall obtain their recommendations regarding final proposal funding should they wish to provide such. In no case should this language be construed as granting these Secretaries final authority over funding or the right to hold up funding of acceptable projects.

[(d) MATCHING REQUIREMENTS.—Any participating college or university must provide an amount not exceeding 50 percent of the costs involved from other non-Federal public or private sources.

[(e) SELECTION CRITERIA.—The criteria for making an award to any college or university under this part, shall include—

[(1) the quality of the research and training to be carried out in the facility or facilities involved;

[(2) the congruence of the institution's research activities to be supported with funds awarded under this part with the future research needs of the Nation, especially as they relate to improving the Nation's trade and competitiveness position;

[(3) the contribution which the project will make toward meeting national, regional, and State research and related training needs, especially as those needs are related to improving the Nation's trade and competitiveness position; and

[(4) an analysis of the age and condition of existing research facilities and equipment.

[(i) SET-ASIDE.—At least 20 percent of the amount available under this section in any fiscal year shall be available only for awards to colleges and universities that received less than \$10,000,000 in total Federal obligations for research and development (including obligations for the university research laboratory modernization program) in each of the two preceding fiscal years.

[(g) CONSULTATIONS FOR RULEMAKING.—In prescribing regulations and conducting the program under this section, the Secretary shall consult with other agencies of the Federal Government concerned with research, including the Departments of Energy, Agriculture, Interior, and Commerce.

[(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated \$10,000,000 for fiscal year 1988 and such sums as may be necessary for each of the 3 succeeding fiscal years to carry out this section.]

TITLE VIII—COOPERATIVE EDUCATION

APPROPRIATIONS AUTHORIZED; RESERVATIONS

[SEC. 801. (a) APPROPRIATIONS AUTHORIZED.—There are authorized to be appropriated to carry out this title \$17,000,000 for fiscal year 1987, and such sums as may be necessary for each of the 4 succeeding fiscal years.]

SEC. 801. (a) APPROPRIATIONS AUTHORIZED.—There are authorized to be appropriated to carry out this title \$45,000,000 for fiscal year 1993, and such sums as may be necessary for each of the 4 succeeding fiscal years.

(b) RESERVATIONS.—Of the amounts appropriated in each fiscal year—

(1) not less than [75] 53 percent shall be available for carrying out grants to institutions of higher education and combinations of such institutions for cooperative education under section 802(b);

(2) 22 percent shall be available for carrying out grants to institutions of higher education and combinations of such institutions for cooperative education under section 802(c);

[(2)] (3) not to exceed [12½] 11 percent shall be available for demonstration projects under paragraph (1) of section 803(a);

[(3)] (4) not to exceed [10] 11 percent shall be available for training and resource centers under paragraph (2) of section 803(a); and

[(4)] (5) not to exceed [2½] 3 percent shall be available for research under paragraph (3) of section 803(a).

* * * * *

GRANTS FOR COOPERATIVE EDUCATION PROGRAMS

SEC. 802. (a) * * *

(b) **APPLICATIONS FOR NEW PROGRAMS.**—Each institution of higher education, or combination of institutions [desiring to receive a grant under this title] *which has not received funds under this title for the administration of the cooperative education program for any of the 10 preceding fiscal years and desires to receive a grant under this subsection* shall submit an application to the Secretary at such time and in such manner as the Secretary shall prescribe. Each such application shall—

(1) * * *

(4) describe the plans which the applicant will carry out [to assure] *a formal statement of institutional commitment which assures that the applicant will continue the cooperative education program beyond the 5-year period of Federal assistance described in subsection (c)(1);*

(5) provide that, in the case of an institution of higher education that provides a 2-year program which is acceptable for full credit toward a bachelor's degree, the cooperative education program will be available to students who are certificate or associate degree candidates and who carry at least one-half the normal full time academic workload;

(6) provide that the applicant will—

(A) make such reports as may be essential to insure that the applicant is complying with the provisions of this section, including in the reports for the second and each succeeding fiscal year for which the applicant receives a grant data with respect to the impact of the cooperative education program in the previous fiscal year, including—

[(i) the number of students enrolled in the cooperative education program,

[(ii) the number of employers involved in the program,

[(iii) the income of the students enrolled, and

[(iv) the increase or decrease of enrollment in the program in the second previous year compared to such previous fiscal year; and]

(i) *the number of unduplicated student applicants in the cooperative education program;*

(ii) *the number of unduplicated students placed in co-op jobs;*

(iii) *the number of employers who have hired co-op students;*

(iv) *the total income for all students derived from working in co-op jobs; and*

(v) *the increase or decrease in the number of students placed in co-op jobs in the program in the second previous year compared to such previous fiscal year; and*

* * * * *

(c) **APPLICATIONS FOR EXISTING PROGRAMS.**—(1) Any institution of higher education, or participant in a combination of such institutions, which—

(A) has an existing cooperative education program; or

(B) has received Federal assistance for at least 5 fiscal years under this section;

may apply to receive a grant under this subsection.

(2) Each institution of higher education, or combination of institutions, desiring to receive a grant under this subsection shall submit an application to the Secretary at such time and in such manner as the Secretary shall prescribe. Each such application shall comply with the requirements of paragraphs (1), (2), (3), (5), (6), (7), and (8) of subsection (b).

(3)(A) Except as provided in subparagraphs (B) and (C), the amount of a grant under this subsection shall be an amount that bears the same ratio to the amount available under section 801(b)(2) as the applicant institution's number of unduplicated students placed in co-op jobs (as defined 34 CFR Part 631.5, as in effect on December 31, 1990) in the previous year bears to the total number of such students in all institutions applying under this subsection.

(B) No institution of higher education may receive an amount of Federal funds under this subsection in excess of 25 percent of that institution's co-op personnel and operating budget for the previous fiscal year.

(C) The maximum annual award level for which an institution is eligible under this subsection is \$1,000 and the maximum annual award level is \$75,000.

(4) Grants under this subsection shall be used exclusively to extend the quality and participation of the cooperative education program, for outreach in new curricular areas and outreach to potential participants including underrepresented and nontraditional populations.

(5) No institution that receives funds under this subsection for a fiscal year may receive funds under subsection (b) for such fiscal year.

* * * * *

[(c)] (d) DURATION OF GRANTS; FEDERAL SHARE.—(1)(A) **[(Except as provided in paragraph (3), no)]** No individual unit of an institution of higher education may receive, individually or as a participant in a combination of such institutions, grants under this section for more than 5 fiscal years.

* * * * *

(2) The Federal share of a grant under this section may not exceed—

(A) **[90]** 85 percent of the cost of carrying out the application in the first year the applicant receives a grant under this section;

(B) **[80]** 70 percent of such cost in the second such year;

(C) **[70]** 55 percent of such cost in the third such year;

(D) **[60]** 40 percent of such cost in the fourth such year; and

(E) **[30]** 25 percent of such cost in the fifth such year.

[(3) Any institution of higher education, or participant in a combination of such institutions which—

[(A) has received a grant for 5 fiscal years under this section;

[(B) has conducted without Federal assistance a cooperative education program for at least 2 academic years subsequent to the end of the fifth such fiscal year;

[(C) has expended for the cooperative education program for each such subsequent academic year an amount at least equal to the total cost of the program in the fifth fiscal year in which the institution, or participant, received assistance under this section; and

[(D) provides statistics in the application required under subsection (b) on the number of students enrolled in the cooperative education program, the number of institutional personnel, including faculty advisers and cooperative education coordinators, and the income of the students enrolled, for each such year;

may apply under subsection (b) as an institution, or participant, to which subparagraph (A) of paragraph (2) applies.

[(4)] (3) Any provision of law to the contrary notwithstanding, the Secretary shall not waive the provisions of this subsection.

[(d)] (e) FACTORS FOR SPECIAL CONSIDERATION OF APPLICATIONS.—

(1) In approving applications under this section, the Secretary shall give special consideration to applications from institutions of higher education for programs which show the greatest promise of success because of—

(A) the extent to which programs in the academic discipline with respect to which the application is made have had a favorable reception by public and private sector employers.

(B) the *strength of commitment* of the institution of higher education to cooperative education [has] *as demonstrated by the plans and formalized institutional commitment statement* which such institution has made to continue the program after the termination of Federal financial assistance,

(C) the extent to which the institution is committed to extending cooperative education [on an institution-wide basis] for all students who can benefit, and

* * * * *

DEMONSTRATION AND INNOVATION PROJECTS; TRAINING AND RESOURCE CENTERS; AND RESEARCH

SEC. 803. (a) AUTHORIZATION.—The Secretary is authorized, in accordance with the provisions of this section, to make grants and enter into contracts for—

(1) the conduct of demonstration projects designed to demonstrate or determine the feasibility or value of innovative methods of cooperative education from the amounts available in each fiscal year under section 801(b) [(2)] (3);

(2) the conduct of training and resource centers designed to—

(A) * * *

* * * * *

(D) encourage model cooperative education programs which furnish education and training in occupations in which there is a national need; [and]

(E) support partnerships under which an institution carrying out a comprehensive cooperative education program joins with another institution of higher education in order to (i) assist the institution other than the comprehensive cooperative education institution to develop and expand an existing program of cooperative education, or (ii) establish and improve or expand comprehensive cooperative education programs [.] ; and

(F) encourage model and cooperative education in the fields of science and mathematics for women and minorities who are underrepresented in these fields;

from the amounts available in each fiscal year under section 801(b) [(3)] (4); and

(3) the conduct of research relating to cooperative education, from the amounts available in each fiscal year under section 801(b) [(4)] (5).

* * * * *

TITLE IX.—GRADUATE PROGRAMS

ADMINISTRATIVE PROVISIONS

SEC. 900. (a) COORDINATION REQUIRED.—*In carrying out the purposes of this title, the Secretary shall provide for coordinated administration and regulation of graduate programs under this title to ensure that the programs are carried out in a manner most compatible with academic practices.*

(b) HIRING AUTHORITY.—*For purposes of carrying out parts A and B, the Secretary shall appoint, without regard to the provisions of title 5 of the United States Code governing appointments in the competitive service, such administrative and technical employees, with the appropriate educational background, as shall be needed to assist in the administration of such part. Such employees shall be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.*

[PART A—GRANTS TO INSTITUTIONS TO ENCOURAGE MINORITY PARTICIPATION IN GRADUATE EDUCATION]

PART A—GRANTS TO INSTITUTIONS TO ENCOURAGE WOMEN AND MINORITY PARTICIPATION IN GRADUATE EDUCATION

PROGRAM AUTHORIZED

SEC. 901. The Secretary shall make grants to institutions of higher education to enable such institutions to identify talented undergraduate students who demonstrate financial need and are women or individuals from minority groups underrepresented in graduate education, including women and minorities who are underrepresented in the fields of science and mathematics, and provide such students with an opportunity to participate in a program of

research and scholarly activities at such institution designed to provide such students with effective preparation for graduate study in such field or related fields.

SUBMISSION AND CONTENTS OF APPLICATIONS

SEC. 902. (a) REQUIRED INFORMATION.—Each institution of higher education shall submit an application under this part to the Secretary in such form and containing such information as the Secretary may by regulation prescribe. Each such application shall provide information regarding—

(1) the program of study, to take the form of summer research internships, seminars, and other educational experiences;

(2) the institution's plan for identifying and recruiting talented women and minority undergraduates, especially those interested in entering fields in which they are underrepresented;

* * * * *

INFORMATION COLLECTION

SEC. 904. *In order to assist institutions of higher education to identify talented women and minority undergraduates for graduate study, institutions receiving awards under this part shall provide to the Secretary such information as the Secretary determines is necessary to carry out this section. With respect to students participating in a summer internship under this part, the Secretary shall collect information submitted by such institutions, such as the students' names, addresses, and institutions attended for undergraduate study. The Secretary shall, subject to the authorization of each student, make the information available to institutions of higher education offering graduate programs seeking to identify talented women and minority undergraduates for graduate study.*

[PART B—PATRICIA ROBERTS HARRIS FELLOWSHIPS]

[STATEMENT OF PURPOSE; DESIGNATION OF AWARDS]

[SEC. 921. (a) PURPOSE.—It is the purpose of this part to provide, through institutions of higher education, a program of grants to assist in making available the benefits of a post-baccalaureate education to graduate and professional students who demonstrate financial need.

[(b) DESIGNATION.—Each recipient of such an award under this part shall be known as a "Patricia Roberts Harris Fellow".]

PART B—POSTBACCALAUREATE OPPORTUNITY AND HARRIS FELLOWSHIP PROGRAMS

Subpart 1—Postbaccalaureate Opportunity Fellowships

STATEMENT OF PURPOSE; DESIGNATION

SEC. 921. PURPOSE.—It is the purpose of this subpart to provide, through institutions of higher education, a program of grants to assist in making available the benefits of masters and professional

education to women and minorities underrepresented in masters and professional education.

(b) DESIGNATION.—Each recipient of such an award under this part shall be known as a "Postbaccalaureate Opportunity Fellow".

PROGRAM AUTHORIZED

SEC. 922. (a) * * *

* * * * *

(c) APPLICATIONS.—Any eligible institution of higher education offering a program of post-baccalaureate study leading to a [graduate or professional degree] *masters or professional degree* may apply for grants under this part. Each such institution may make an application to the Secretary at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require. Such application may be made on behalf of professional schools, academic departments, or similar organizational units within such institution meeting the requirements of this subsection, including interdisciplinary or interdepartmental programs.

(d) SELECTION OF APPLICATIONS.—In making grants to institutions of higher education, the Secretary shall—

[(1) take into account present and projected needs for highly trained individuals in all areas of education beyond secondary school;

[(2)] (1) take into account present and projected needs for highly trained individuals in other than academic career fields of high national priority; [and]

[(3)] (2) consider the need to prepare a larger number of *women and* individuals from minority groups, especially from among such groups which have been traditionally underrepresented [in colleges and universities] *in professional and academic careers requiring master's or professional degrees*, but nothing contained in this paragraph shall be interpreted to require any institution to grant preference or disparate treatment to the members of one minority group on account of an imbalance which may exist with respect to the total number or percentage of individuals of such group participating in or receiving the benefits of the program authorized in this section, in comparison with the total number or percentage of individuals of such group in any community, State, section, or other area[.];

(3) take into account the need to expand access by *women and minority groups to careers heretofore lacking adequate representation of women and minority groups*; and

(4) take into account the success of the applicant in providing students with access to careers in which *women and minority groups are underrepresented*.

[(e) PRIORITIES FOR FELLOWSHIPS.—The Secretary shall assure that, in making grants under this part, awards are made to—

[(1) individuals who plan to pursue a career in public service; and

[(2) individuals from traditionally underrepresented groups, as determined by the Secretary, undertaking graduate or professional study.

The Secretary shall assure that the amount expended for categories of fellowships described in paragraphs (1) and (2) of this subsection for each fiscal year is not less than the amount expended for each category in fiscal year 1985.

[(f) INSTITUTIONAL PAYMENTS.—From sums required to be expended by the Secretary for grants under subsection (e), the Secretary shall (in addition to the awards made to individuals) pay to the institution of higher education at which such individual is pursuing his or her course of study such amounts as are paid under similar fellowship programs administered through the National Science Foundation and other similar agencies, except that such amount charged to a fellowship recipient and collected from such recipient by the institution for tuition and other expenses required by the institution as part of the recipient's instructional program shall be deducted from the payments to the institution under this subsection.]

(e) PRIORITIES FOR FELLOWSHIPS.—The Secretary shall assure that, in making grants under this subpart, awards made for masters level and professional study leading to careers that serve the public interest.

(f) INSTITUTIONAL PAYMENTS.—The Secretary shall (in addition to stipends paid to individuals under this subpart) pay to the institution of higher education, for each individual awarded a fellowship at such institution, \$12,000 with respect to such awards made for academic year 1993-1994, to be adjusted annually thereafter in accordance with inflation as determined by the Department of Labor's Consumer Price Index for the previous calendar year.

* * * * *

[AWARD OF FELLOWSHIPS

[SEC. 923. (a) AWARDS BASED ON NEED.—An institution of higher education receiving funds under this part shall make available to financially needy graduate and professional students an award determined by such institution of higher education, except that no award under this part may exceed the lesser of \$10,000, or the demonstrated level of financial need as determined under part F of title IV of this Act.

[(b) REQUIREMENTS FOR AWARD.—No student shall receive an award except during periods in which such student is maintaining satisfactory progress in, and devoting essentially full time to, study or research (including acting as a teaching assistant or research assistant as may be required as a condition to award of a degree) in the field in which such fellowship was awarded and is not engaging in gainful employment, other than part-time employment by the institution of higher education involved in teaching, research, or similar activities, approved by the Secretary. Such period shall not exceed a total of 3 years, except that the Secretary may provide by regulation for the granting of such fellowships for a period of study not to exceed one 12-month period, in addition to the 3-year period set forth in this section, under special circumstances which the Sec-

retary determines would most effectively serve the purposes of this part. The Secretary shall make a determination to provide such 12-month extension of an award to an individual fellowship recipient upon review of an application for such extension by the recipient.】

AWARD OF FELLOWSHIPS

SEC. 923. (a) AWARDS.—*The Secretary shall make payments to institutions of higher education for the purpose of paying stipends to individuals who are awarded fellowships under this subpart. The stipends the Secretary may establish shall reflect the purpose of this program to encourage highly talented students to undertake masters level and professional study as described in this subpart. Such stipends shall be set at a level of support comparable to that provided by the National Science Foundation Graduate fellowships, except such amount shall be adjusted as necessary so as not to exceed the fellow's demonstrated level of need according to measurements of need approved by the Secretary.*

(b) REQUIREMENTS FOR AWARDS.—*No student enrolled in graduate study leading to a masters or professional degree shall receive an award except during periods in which such student is maintaining satisfactory progress in, and devoting essentially full time to study or research (including acting as a teaching assistant or research assistant as may be required as a condition to award a degree), in the field in which such fellowship was awarded and is not engaging in gainful employment, other than part-time employment by the institution of higher education involved in teaching, research, or similar activities, approved by the Secretary. Such period shall not exceed a total of 2 years, except that the Secretary may provide by regulation for the granting of such fellowships for a period of study not to exceed one 12-month period, in addition to the 2-year period for study or research set forth in this section, under special circumstances which the Secretary determines would most effectively serve the purposes of this part. The Secretary shall make a determination to provide such 12-month extension of an award to an individual fellowship recipient for study or research upon review of an application for such extension by the recipient.*

Subpart 2—Patricia Roberts Harris Graduate Fellowship Program

SEC. 926. STATEMENT OF PURPOSE; DESIGNATION OF AWARDS.

(a) PURPOSE.—*It is the purpose of this subpart to provide, through institution of higher education, a program of grants to assist in making available the benefits of doctoral education to women and individuals from underrepresented groups.*

(b) DESIGNATION.—*Each recipient of such an award under this subpart shall be known as a "Patricia Roberts Harris Graduate Fellow".*

SEC. 927. PROGRAM AUTHORIZED.

(a) GRANT BY SECRETARY.—*The Secretary shall make grants to institutions of higher education to enable such institutions to make grants in accordance with the provisions of this subpart.*

(b) DISTRIBUTION AND AMOUNTS OF GRANTS.—*(1) In making such grants the Secretary shall, consistent with the allocation of grants*

based on merit, seek a broad geographic distribution of awards and an equitable distribution among eligible public and independent institutions of higher education.

(2) Whenever the Secretary determines that an institution of higher education is unable to use all of the amounts available to it under this subpart, the Secretary shall, on such dates during each fiscal year as the Secretary may fix, reallocate such amounts not needed to institutions which can use the grants authorized by this subpart.

(c) **APPLICATIONS.**—Any eligible institution of higher education offering a program of doctoral education may apply for grants under this subpart. Each such institution may make an application to the Secretary at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require. Such application may be made on behalf of academic departments or similar organizational units within such institution meeting the requirements of this subsection, including interdisciplinary or interdepartmental programs.

(d) **SELECTION OF APPLICATIONS.**—In making grants to institutions of higher education, the Secretary shall—

(1) take into account present and projected needs for highly trained individuals in academic fields of high national priority;

(2) consider the need to prepare a larger number of women and individuals from among such groups which have been traditionally underrepresented in colleges and universities and in specific fields, but nothing contained in this paragraph shall be interpreted to require any institution to grant preference or disparate treatment to the members of one minority group on account of an imbalance which may exist with respect to the total number or percentage of individuals of such group participating in or receiving the benefits of the program authorized in this section, in comparison with the total number or percentage of individuals of such group in any community, State, section, or other area.

(e) **PRIORITIES FOR FELLOWSHIPS.**—The Secretary shall assure that, in making grants under this subpart, awards are made to women and individuals from traditionally underrepresented groups undertaking doctoral study, including those interested in entering the fields of science and mathematics.

(f) **INSTITUTIONAL PAYMENTS.**—The Secretary shall (in addition to stipends paid to individuals under this subpart) pay to the institution of higher education, for each individual awarded a fellowship at such institution, \$10,000 with respect to such awards made for the academic year 1993-1994 to be adjusted annually thereafter in accordance with inflation as determined by the Department of Labor's Consumer Price Index for the previous calendar year.

(g) **USE FOR RELIGIOUS PURPOSES PROHIBITED.**—No fellowship shall be awarded under this subpart for study at a school or department of divinity.

SEC. 928. AWARD OF FELLOWSHIPS.

(a) **AWARDS.**—The Secretary shall make payments to institutions of higher education for the purpose of paying stipends to individ-

uals who are awarded fellowships under this subpart. The stipends the Secretary may establish shall reflect the purpose of this program to encourage highly talented students to undertake doctoral study as described in this subpart. Such stipends shall be set at a level of support comparable to that provided by the National Science Foundation Graduate Fellowships, except such amount shall be adjusted as necessary so as not to exceed the fellow's demonstrated level of need according to measurements of need approved by the Secretary.

(b) **REQUIREMENTS FOR AWARDS.**—No student enrolled in graduate study leading to a doctoral degree shall receive an award except during periods in which such student is maintaining satisfactory progress in, and devoting essentially full time to study, research (including acting as a teaching assistant or research assistant as may be required as a condition to award a degree), or dissertation work in the field in which such fellowship was awarded and is not engaging in gainful employment, other than part-time employment by the institution of higher education involved in teaching, research, or similar activities, approved by the Secretary. Such period shall not exceed a total of three years, consisting of not more than two years of support for study or research, and not more than one year of support for dissertation work provided that the student has attained satisfactory progress to the dissertation stage. The institution shall provide two years of support for each student, including at least one year of supervised teaching, following the two years of predissertation support under this subpart. The Secretary may provide by regulation for the granting of such fellowships for a period for study not to exceed one 12-month period, in addition to the two-year period for study or research set forth in this section, under special circumstances which the Secretary determines would most effectively serve the purposes of this part. The Secretary shall make a determination to provide such 12-month extension of an award to an individual fellowship recipient for study or research upon review of an application for such extension by the recipient.

PART C—JACOB K. JAVITS FELLOWS PROGRAM

AWARD OF JACOB K. JAVITS FELLOWSHIPS

SEC. 931. (a) **[NUMBER AND TIMING OF AWARDS]** *TIMING OF AWARDS.*—The Secretary is authorized to award [not more than 450 fellowships per year] *up to 600 new fellowships per year* in accordance with the provisions of this part for graduate study in the arts, humanities, and social sciences by students of superior ability selected on the basis of demonstrated achievement and exceptional promise. All funds appropriated in a fiscal year shall be obligated and expended to the students for fellowships for use in the academic year beginning after July 1 of the fiscal year for which the funds were appropriated. The fellowships shall be awarded for only one academic year of study and shall be renewable for a period not to exceed 4 years of study.

* * * * *

STIPENDS

[SEC. 933. (a) AWARD BY SECRETARY.—The Secretary shall pay to individuals awarded fellowships under this part such stipends (including such allowances for subsistence and other expenses for such individuals and their dependents) as the Secretary may determine to be appropriate, adjusting such stipends as necessary so as not to exceed the fellow's demonstrated level of need according to measurements of need approved by the Secretary. The stipend levels established by the Secretary shall reflect the purpose of this program to encourage highly talented students to undertake graduate study and shall provide a level of support comparable to that provided by federally funded graduate fellowships in the science and engineering fields.]

SEC. 933. (a) AWARD BY SECRETARY.—The Secretary shall pay to individuals awarded fellowships under this part such stipends as the Secretary may establish, reflecting the purpose of this program to encourage highly talented students to undertake graduate study as described in this part. Such fellowships shall be set at a level of support comparable to that provided by the National Science Foundation Graduate Fellowships, except such amount shall be adjusted as necessary so as not to exceed the fellow's demonstrated level of need according to measurements of need approved by the Secretary.

(b) **INSTITUTIONAL PAYMENTS.**—(1) The Secretary shall (in addition to the stipends paid to individuals under subsection (a)) pay to the institution of higher education, for each individual awarded a fellowship for pursuing a course at such institution, **[\$6,000]** *\$10,000 with respect to such awards made for the academic year 1993-1994, to be adjusted annually thereafter in accordance with inflation as determined by the Department of Labor's Consumer Price Index for the previous calendar year, except that such amount charged to a fellowship recipient and collected from such recipient for tuition and other expenses required by the institution as part of the recipient's instructional program shall be deducted from the payment to the institution under this subsection.*

* * * * *

PART D—GRADUATION ASSISTANCE IN AREAS OF NATIONAL NEED

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AWARDS TO GRADUATE STUDENTS

SEC. 945. (a) COMMITMENTS TO GRADUATE STUDENTS.—(1) From at least 60 percent of the funds received under this part, an academic department or program of an institution of higher education shall make commitments to graduate students at any point of their graduate study, *including students pursuing a doctoral degree after having completed a masters degree program at an institution of higher education,* to provide stipends for the length of time necessary for a student to complete the course of graduate study, but in no case longer than 5 years.

* * * * *

[(b) AMOUNT OF STIPENDS.]—The size of the stipend awarded to students for an individual academic year shall be determined by the institution, except that no annual stipend award under this part may exceed \$10,000, or the demonstrated level of need (according to criteria of need developed by the institution), whichever is less.]

(b) AMOUNT OF STIPENDS.—The Secretary shall make payments to institutions of higher education for the purpose of paying stipends to individuals who are awarded fellowships under this subpart. The stipends the Secretary establishes shall reflect the purpose of this program to encourage highly talented students to undertake graduate study as described in this part. Such stipends shall be set at a level of support comparable to that provided by the National Science Foundation Graduate Fellowships, except such amounts shall be adjusted as necessary so as not to exceed the fellow's demonstrated level of need according to measurements of need approved by the Secretary.

* * * * *

[ADDITIONAL ASSISTANCE FOR COST OF EDUCATION

[SEC. 946. (a) USE FOR TUITION AND FEES.]—From the remainder of the funds received under this part after complying with the requirements of section 945, the academic department or program of an institution of higher education may award fellowship recipients under section 945 additional amounts to pay the recipients' tuition and fees and other costs of education.

[(b) USE FOR OVERHEAD PROHIBITED.]—Funds made available pursuant to this part may not be used for the general operational overhead of the academic department or program.]

ADDITIONAL ASSISTANCE FOR COST OF EDUCATION

SEC. 946. (a) PAYMENTS AUTHORIZED.—The Secretary shall (in addition to stipends paid to individuals under this subpart) pay to the institution of higher education, for each individual awarded a fellowship at such institution, \$10,000 with respect to such awards made for the academic year 1993–1994, to be adjusted annually thereafter in accordance with inflation as determined by the Department of Labor's Consumer Price Index for the previous calendar year.

(b) USE FOR OVERHEAD PROHIBITED.—Funds made available pursuant to this part may not be used for the general operational overhead of the academic department or program.

PART E—ASSISTANCE FOR TRAINING IN THE LEGAL PROFESSION

[PROGRAM AUTHORIZED

[SEC. 951. (a) GRANTS AND CONTRACTS.]—The Secretary is authorized to make grants to, or enter into contracts with, public and private agencies and organizations other than institutions of higher education for the purpose of assisting individuals from disadvantaged backgrounds, as determined in accordance with criteria prescribed by the Secretary, to undertake training for the legal profession.

[(b) **USE OF FUNDS.**—Grants made, and contracts entered into, under subsection (a) may cover, in accordance with regulations of the Secretary, all or part of the cost of—

[(1) selecting individuals from disadvantaged backgrounds for training for the legal profession,

[(2) facilitating the entry of such individuals into institutions of higher education for the purpose of pursuing such training,

[(3) providing counseling or other services designed to assist such individuals to complete successfully such training,

[(4) providing, for not more than 6 months prior to the entry of such individuals upon their courses of training for the legal profession, preliminary training for such individuals designed to assist them to complete successfully such training for the legal profession,

[(5) paying such stipends (including allowances for travel and for dependents) as the Secretary may determine for such individuals for any such period of preliminary training or for any period of training for the legal profession during which such individuals maintain satisfactory academic proficiency, as determined by the Secretary, and

[(6) paying for the administrative activities of the agencies and organizations which receive such grants, or with which such contracts are entered into, to the extent such activities are for the purpose of furthering activities described in paragraphs (1) through (5).]

PROGRAM REQUIREMENTS

SEC. 951. (a) PROGRAM AUTHORITY.—*The Secretary shall carry out a program to assist minority, low income, or educationally disadvantaged college graduates to successfully pursue a law degree and service in the legal profession through an annual grant or contract with the Council on Legal Education Opportunity (hereinafter CLEO). A grant or contract under this part shall permit CLEO to use up to 6 percent of the funds provided for administrative costs of the grant or contract.*

(b) SERVICES AUTHORIZED.—*A legal training project under this subpart may provide the following services—*

(1) assistance and counseling in gaining admission to accredited law schools;

(2) a 6-week intensive summer program designed to prepare minority, low-income or educationally disadvantaged individuals for the successful completion of legal studies; or

(3) an academic-year program of tutorial services, academic advice and counseling designed to assist eligible participants successfully complete their legal training, which may include but is not limited to—

(A) instruction in reading, legal research, legal writing skills and problem analysis;

(B) academic advice and assistance in course selection;

(C) advisement about financing their legal education and available student financial aid;

(D) *personal and professional counseling relative to career alternatives in the legal profession and bar examination preparation; and*

(E) *any other activity consistent with subparagraphs (A) through (D) which furthers the objectives of this subsection which the Secretary may, by regulation, reasonably require.*

(c) **USE OF FUNDS.**—*The Secretary shall by grant or contract on a biennial basis, with the Council on Legal Education Opportunity, cover all or part of the cost of—*

(1) *engaging in such activities as are reasonably designed to publicize the existence and availability of program funds to assist minority low-income, and educationally disadvantaged individuals to pursue a legal education;*

(2) *selecting minority, low-income and educationally disadvantaged individuals for training for the legal profession;*

(3) *facilitating the entry of such individuals into law schools at institutions of higher education for the purpose of pursuing a legal education;*

(4) *selecting from among all qualified applicants, which shall provide the services authorized by section 951(b)(2) or (3);*

(5) *evaluating the quality, impact and continuing feasibility of the programs implemented under section 951(b);*

(6) *providing, through the institutions, agencies, and organizations selected under paragraph (3), for not more than 6 months prior to entry of such individuals upon their course of training for the legal profession, or following entry, training designed to assist them to complete successfully such training for the legal profession;*

(7) *paying such stipends (including allowances for participant travel and for their dependents) as the Secretary may determine for such individuals for any such period of preliminary training for the legal profession during which such individuals maintain satisfactory academic progress toward the J.D. or L.L.B. degree, as determined by the respective institution; and*

(8) *paying for administrative activities of the institutions of higher education, agencies, or organizations which receive subgrants or contracts under paragraph (6), or with which such contracts are entered into, to the extent that such activities are for the purpose of furthering the activities described in paragraphs (1) through (7).*

PART F—LAW SCHOOL CLINICAL EXPERIENCE PROGRAMS

PROGRAM AUTHORIZATION

SEC. 961. (a) **GRANT AND CONTRACT PURPOSES.**—*The Secretary is authorized to enter into grants or contracts with accredited law schools in the States for the purpose of paying not to exceed 90 per centum of the costs of [establishing or expanding] continuing, expanding, or establishing programs in such schools to provide clinical experience to students in the practice of law, which includes any form of law student work involving performance in the role of a lawyer exercising legal skills and roles such as those of an advocate, counselor, negotiator, investigator, and ethical practitioner, whether by way of the provision of representation of or services to*

an identifiable client in actual cases or situations (subject to existing State or local limitations upon such provision) or by way of simulation of such provision through appropriate exercises. Preference shall be given to those programs providing legal experience in the preparation and trial of actual cases, including administrative cases and the settlement of controversies outside the courtroom. The cases and situations handled in actuality or by simulation may encompass any one or more of the following:

- (1) judicial, administrative, executive, or legislative proceedings, including the full range of preparation therefor;
- (2) office or house counsel problems; or
- (3) factual investigation, empirical research, or policy or legal analysis.

* * * * *

(c) **LIMITATIONS ON AMOUNTS.**—No law school may receive more than **[\$100,000]** \$250,000 in any fiscal year pursuant to this part, no part of which may be used to pay for indirect costs or charges.

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[PART G—AUTHORIZATION OF APPROPRIATIONS

[AMOUNT AND DURATION OF AUTHORIZATION

[SEC. 971. (a) PART A.—There are authorized to be appropriated to carry out part A of this title \$10,000,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

[(b) PART B.—There are authorized to be appropriated to carry out part B of this title \$30,000,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

[(c) PART C.—There are authorized to be appropriated to carry out part C of this title \$10,000,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

[(d) PART D.—There are authorized to be appropriated to carry out part D of this title \$30,000,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

[(e) PART E.—There are authorized to be appropriated to carry out part E of this title \$5,000,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

[(f) PART F.—There are authorized to be appropriated to carry out part F of this title \$5,000,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

[(g) LIMITATION ON APPROPRIATIONS FOR PARTS A AND D.—No funds are authorized to be appropriated for part A or D of this title for any fiscal year unless the appropriation for the preceding fiscal year—

- [(1) for part B equals or exceeds \$18,000,000; and**
- [(2) for part C equals or exceeds \$5,000,000.]**

PART G—GRANTS TO INSTITUTIONS TO ENCOURAGE MINORITIES TO ENTER THE HIGHER EDUCATION PROFESSORATE

SEC. 971. PROGRAM AUTHORIZED.

The Secretary shall make grants to institutions of higher education or to nonprofit organizations associated with institutions of

higher education with a demonstrated record of enhancing minority access to graduate education—to enable such institutions, in consortia with historically black colleges and universities and other institutions with significant enrollments of African Americans, Asian Americans, Hispanic Americans, Native Hawaiians, Pacific Islanders, and Native Americans, to identify talented undergraduate students and faculty who wish to enter or continue in the higher education professorate, and to provide such students with stipends and a fellowship to assist them in obtaining the Ph.D. degree and teach in an institution of higher education.

SEC. 972. DESIGNATION OF PROGRAM.

The fellowships shall be known as the "Faculty Development Fellowship" program.

SEC. 973. APPLICATIONS AND AWARDS.

(a) **REQUIRED INFORMATION.**—Each applicant institution of higher education or nonprofit organization shall submit at application under this part to the Secretary containing the following information—

(1) the names of those undergraduate institutions which are historically or predominantly black colleges and universities or other institutions with significant enrollments of African Americans, Asian Americans, Hispanic Americans, Native Hawaiians, Pacific Islanders, and Native Americans which have agreed to cooperate with the applicant institution to carry out the purposes of this part;

(2) the institution's plan for identifying and recruiting faculty and other talented minority undergraduates who might participate in the program;

(3) the program or programs of doctoral study that the institution plans to offer in its Ph.D. program;

(4) the institution's plan for using current minority faculty and other faculty as mentors and academic resources in support of the program;

(5) other institutional resources, including tuition waivers, assistantships or financial aid other than loans, that the institution will make available to successful Faculty Development Fellowship applicants; and

(6) such other assurances and information as the Secretary may reasonably require by regulation.

(b) **SELECTION REQUIREMENTS.**—In making awards to institutions, the Secretary shall give priority to those applications which include the following—

(1) provide a tuition waiver and a minimum \$2,000 stipend to each Faculty Development Fellow;

(2) provide additional financial support to the Faculty Development Fellow from resources external to the institution, but which come from non-Federal sources;

(3) emphasize courses of study leading to the Ph.D. in disciplines where minorities are underrepresented; and

(4) ensure that the Faculty Development Fellow will teach in an institution of higher education where minority undergraduate students are likely to benefit from the educational experi-

ence and academic achievements of the Faculty Development Fellow.

(c) **GEOGRAPHIC DISTRIBUTION.**—The Secretary shall ensure an equitable geographic distribution among the institutional awards and that both public and private institutions are fairly represented among the recipients.

(d) **WAIVER BY THE SECRETARY.**—The Secretary may waive all or any portion of the requirement under section 973(b)(1) upon application or any historically black college or university as defined in title III, part B of this Act, pursuant to criteria established by the Secretary by regulation.

SEC. 974. TEACHING REQUIREMENT.

Each Faculty Development Fellowship recipient shall enter into an agreement with the host institution awarding the fellowship (and the sending institution if the Faculty Development Fellow is a current faculty member), under which the fellowship recipient shall—

(1) within a 5-year period after completing the doctorate degree for which the Faculty Development Fellowship was awarded, teach, for a period of not less than 1 year for each year for which financial assistance was received, in a public or private nonprofit institution of higher education, or in the case of a forprofit institution, one that offers at least the Associate of Arts degree;

(2) provide the institution of higher education that awarded the fellowship, with evidence of compliance with section 304(a); and

(3) repay all or part of the Faculty Development Fellowship received pursuant to this part, plus interest, and if applicable reasonable collection fees, under regulations issued by the Secretary, in the event the conditions of section 975(a) are not met, except insofar as provided in section 976.

SEC. 975. CONSEQUENCES OF NONCOMPLIANCE.

Recipients found by the Secretary to be in noncompliance with the agreement entered into under section 974 of this part shall be required to repay a pro rata amount of the scholarship awards received, plus interest (but in no event at an interest rate higher than the rate applicable to loans in the applicable period under part B of this title) and where applicable, reasonable collection fees, on a schedule and at a rate of interest to be prescribed by the Secretary by regulations issued pursuant to this subpart.

SEC. 976. EXCEPTIONS TO REPAYMENT PROVISIONS.

(a) **DEFERRAL DURING CERTAIN PERIODS.**—A recipient shall not be considered in violation of the agreement entered into pursuant to section 974 during any period in which the recipient—

(1) is pursuing a full-time course of study related to the field of teaching at an eligible institution;

(2) is serving, not in excess of 3 years, as a member of the armed services of the United States;

(3) is temporarily totally disabled for a period of time not to exceed 3 years as established by sworn affidavit of a qualified physician;

(4) is unable to secure employment for a period not to exceed 12 months by reason of the care required by a spouse who is disabled;

(5) is seeking and unable to find full-time employment for a single period not to exceed 12 months;

(6) is engaged in full-time employment as a teacher in a public or private nonprofit preschool, elementary or secondary school, or a public or private nonprofit preschool, education program; or

(7) satisfies the provisions of additional repayment exceptions that may be prescribed by the Secretary in regulations issued pursuant to this subpart.

(b) **FORGIVENESS IF PERMANENTLY TOTALLY DISABLED.**—A recipient shall be excused from repayment of any fellowship assistance received under this subpart if the recipient becomes permanently totally disabled as established by sworn affidavit of a qualified physician.

PART H—AUTHORIZATION OF APPROPRIATIONS

SEC. 981. AUTHORIZATION OF APPROPRIATIONS.

(a) **PART A.**—There are authorized to be appropriated to carry out part A \$25,000,000 for fiscal year 1993, and such sums as may be necessary for the 4 succeeding fiscal years.

(b)(1) **PART B SUBPART 1.**—There are authorized to be appropriated to carry out subpart 1 of part B \$50,000,000 for fiscal year 1993, and such sums as may be necessary for the 4 succeeding fiscal years.

(2) **PART B SUBPART 2.**—There are authorized to be appropriated to carry out subpart 2 of part B \$50,000,000 for fiscal year 1993, and such sums as may be necessary for the 4 succeeding fiscal years.

(c) **PART C.**—There are authorized to be appropriated to carry out part C \$50,000,000 for fiscal year 1993, and such sums as may be necessary for the 4 succeeding fiscal years.

(d) **PART D.**—There are authorized to be appropriated to carry out part D \$50,000,000 for fiscal year 1993, and such sums as may be necessary for the 4 succeeding fiscal years.

(e) **PART E.**—There are authorized to be appropriated to carry out part E \$10,000,000 for fiscal year 1994, and such sums as may be necessary for the 4 succeeding fiscal years.

(f) **PART F.**—There are authorized to be appropriated to carry out part F \$10,000,000 for fiscal year 1993, and such sums as may be necessary for the 4 succeeding fiscal years.

(g) **PART G.**—There are authorized to be appropriated to carry out part G \$25,000,000 for fiscal year 1993, and such sums as may be necessary for the 4 succeeding fiscal years.

TITLE X—POSTSECONDARY IMPROVEMENT PROGRAMS

PART A—FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION

AUTHORIZATION OF PROGRAM

SEC. 1001. (a) Subject to the provisions of section 102, the Secretary is authorized to make grants to, and contracts with, institutions of **postsecondary** higher education (including combinations of such institutions) and other public and private educational institutions and agencies (except that no grant shall be made to an educational institution or agency other than a nonprofit institution or agency) to improve postsecondary educational opportunities by providing assistance to such educational institutions and agencies for—

(1) encouraging the reform, innovation, and improvement of postsecondary education, and providing equal educational opportunity for all;

(b)(1) The Secretary is authorized to make planning grants to institutions of higher education for the development and testing of innovative techniques in postsecondary education.

(2) Such grants shall not exceed \$20,000.

【AUTHORIZATION OF APPROPRIATIONS

【SEC. 1005. There are authorized to be appropriated to carry out this part \$14,500,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.】

AUTHORIZATION OF APPROPRIATIONS

SEC. 1005. (a) *There are authorized to be appropriated to carry out this part (except for section 1001(b)) \$20,000,000 for fiscal year 1993 and such sums as may be necessary for the 4 succeeding fiscal years.*

(b) There are authorized to be appropriated to carry out section 1001(b) \$1,000,000 for fiscal year 1993 and such sums as may be necessary for the 4 succeeding fiscal years.

PART B—MINORITY SCIENCE AND ENGINEERING IMPROVEMENT PROGRAMS

SUBPART 1—MINORITY SCIENCE IMPROVEMENT PROGRAM

PURPOSE; AUTHORITY

SEC. 1021. (a) * * *

(b) The Secretary shall, in accordance with the provisions of this subpart, carry out a program of making grants to institutions of higher education that are designed to effect long-range improvement in science and engineering education at predominantly minority institutions and to increase the participation of underrepre-

sented ethnic minorities *and minority women* in scientific and technological careers.

* * * * *

SUBPART 2—SCIENCE AND ENGINEERING ACCESS PROGRAMS

* * * * *

SUPPORTABLE ACTIVITIES

SEC. 1033. Funds appropriated for the purpose of this subpart may be made available for—

(1) * * *

* * * * *

(5) improving access of minority students, *particularly minority women*, to careers in the sciences, mathematics, and engineering;

* * * * *

SUBPART 3—ADMINISTRATIVE AND GENERAL PROVISIONS

* * * * *

[AUTHORIZATION OF APPROPRIATIONS

【SEC. 1047. (a) AUTHORIZATIONS.—There are authorized to be appropriated to carry out the purposes of this part, \$7,500,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

【(b) APPROPRIATION LIMITATION.—For any fiscal year, 50 percent of the funds under this part shall be allocated for the purpose of section 1021, 33.33 percent for the purpose of section 1031, and 16.67 percent for the purpose of section 1032.

【(c) ADDITIONAL AUTHORIZATION.—In addition, there are authorized to be appropriated \$7,500,000 for fiscal year 1988 and such sums as may be necessary for each of the 3 succeeding fiscal years for the purpose of funding new activities, consistent with the purposes of sections 1021 and 1031, which are specifically aimed at increasing the participation of minority students in scientific and engineering research careers.】

AUTHORIZATION OF APPROPRIATIONS

SEC. 1047. (a) AUTHORIZATIONS.—There are authorized to be appropriated to carry out the purposes of this part, \$10,000,000 for fiscal year 1993, and such sums as may be necessary for the 4 succeeding fiscal years.

(b) APPROPRIATION LIMITATION.—For any fiscal year, 50 percent of the funds under this part shall be allocated for the purpose of section 1021, 33.33 percent for the purpose of section 1031, and 16.67 percent for the purpose of section 1032.

[PART C—INNOVATIVE PROJECTS FOR COMMUNITY SERVICES AND STUDENT FINANCIAL INDEPENDENCE]

[STATEMENT OF PURPOSE]

[SEC. 1061. It is the purpose of this part to support innovative projects in order to determine the feasibility of encouraging student participation in community service projects in exchange for educational services or financial assistance and thereby reduce the debt acquired by students in the course of completing postsecondary educational programs.

[INNOVATIVE PROJECTS FOR COMMUNITY SERVICES AND STUDENT FINANCIAL INDEPENDENCE]

[SEC. 1062. (a) GENERAL AUTHORITY.—The Secretary is authorized, in accordance with the provisions of this part, to make grants to and contracts with institutions of higher education (including combinations of such institutions) and with such other public agencies and nonprofit private organizations as the Secretary deems necessary for innovative projects designed to carry out the purpose of this part.

[(b) APPLICATIONS.—No grant may be made and no contract may be entered into under this section unless an application is made at such time, in such manner, and contained or accompanied by such information as the Director may require.

[(c) APPLICABLE PROCEDURES.—(1) No application may be approved under subsection (b) unless the National Board of the Fund for Improvement of Postsecondary Education, under procedures established by the Director, approves the application.

[(2) The provisions of section 1004(b) shall apply to grants made under this part.

[AUTHORIZATION OF APPROPRIATIONS]

[SEC. 1063. (a) There are authorized to be appropriated to carry out this part, \$3,000,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

[(b) No funds may be appropriated pursuant to subsection (a) for any fiscal year unless funds are appropriated for part A of this title for such fiscal year.]

PART C—SPECIAL PROJECTS IN AREAS OF NATIONAL NEED

SEC. 1061. (a) *The Secretary is authorized to make grants to institutions of higher education or consortia thereof, and such other public agencies and nonprofit organizations as the Secretary deems necessary for innovative projects concerning one or more areas of particular national need identified by the Secretary and the Director of the Fund.*

(b) No grant shall be made under this part unless an application is made at such time, in such manner, and contains or is accompanied by such information as the Director may require.

(c) Areas of national need shall initially include, but shall not be limited to the following:

- (1) International exchanges.*
- (2) Campus climate and culture.*

(3) Evaluation and dissemination.

(d) There are authorized to be appropriated to carry out this part \$5,000,000 for fiscal year 1993 and such sums as may be necessary for the 4 succeeding fiscal years.

**PART D—WOMEN AND MINORITIES SCIENCE AND ENGINEERING
OUTREACH DEMONSTRATION PROGRAM**

SEC. 1071. PURPOSE.

It is the purpose of this part to provide grants to institutions of higher education working in partnership with elementary and secondary schools to establish outreach programs for female and minority elementary and secondary students to increase the participation of those students in science and engineering undergraduate and graduate degree programs.

SEC. 1072. PROGRAM AUTHORIZED.

The Secretary shall, in accordance with the provision of this part, carry out a program of providing grants to institutions of higher education that are designed to enhance, coordinate, develop, and expand programs and initiatives which identify and encourage female and minority elementary and secondary students to pursue higher education in preparation for careers in science and engineering. The Secretary is authorized to award grants for women and minority science and engineering outreach demonstration programs to institutions meeting the eligibility criteria defined in section 1073.

SEC. 1073. ELIGIBLE INSTITUTIONS.

(a) IN GENERAL.—The Secretary shall provide grants under this program to institutions which meet the following selection criteria:

(1) Grantees shall be institutions of higher education with science and engineering programs.

(2) Grantees shall have female and minority enrollment and retention rates significantly higher than national averages but shall not meet the definition for "minority institution" established in part B of this title.

(3) Grantees shall demonstrate their ability to conduct outreach activities in science and engineering to female and minority students at the elementary and secondary levels.

(4) Grantees shall incorporate the use of advanced telecommunications equipment, including fiber optics and interactive video systems, to improve the development of intermodal programs targeted toward female and minority students.

(5) Grantees shall enter into a partnership agreement with a local educational agency and at least 1 local business or industry and the duties of each partner in the consortium shall be defined in the institution's application to the Secretary.

(b) LIMITATION.—The Secretary shall award no less than 40 percent of the total funds made available under this section to eligible institutions in the Nation's ten largest metropolitan statistical areas, where minority elementary and secondary school student populations exceed the national average.

SEC. 1074. AMOUNT, DURATION, AND USE OF FUNDS.

(a) **AMOUNT AND DURATION OF GRANTS.**—Grants provided under this section should be no less than \$500,000 in a single fiscal year, and shall be continued for a period not to exceed 5 fiscal years.

(b) **USE OF GRANTS.**—Grants provided under this section may be used for:

(1) The operation and administration of outreach programs to elementary and secondary students.

(2) Faculty development programs in support of outreach programs.

(3) Curriculum development in support of the outreach programs.

(4) Disseminating information about the outreach programs to elementary and secondary schools and institutions of higher education.

(5) Supporting cooperative efforts with elementary and secondary schools, community groups, business and industry and other education-related groups, to expand the scope of the outreach programs.

(6) Establishing infrastructure necessary to operate programs, specifically including telecommunications equipment providing distance learning capabilities.

SEC. 1075. APPLICATION.

To receive a grant under this section, an eligible institution shall submit an application at such time, in such manner, and containing or accompanied by such information, as the Secretary may reasonably require.

SEC. 1076. EVALUATION.

(a) **INDEPENDENT ANNUAL EVALUATION.**—The Secretary shall provide for the annual independent evaluation of programs under this part to determine their effectiveness in providing—

(1) the operation and administration of outreach programs to elementary and secondary students;

(2) faculty development programs in support of outreach programs;

(3) curriculum development in support of the outreach programs;

(4) disseminating information about the outreach programs to elementary and secondary schools and institutions of higher education;

(5) supporting cooperative efforts with elementary and secondary schools, community groups, business and industry and other education-related groups, to expand the scope of outreach programs; and

(6) establishing infrastructure necessary to operate programs, specifically including telecommunications equipment providing distance learning capabilities.

(b) **CRITERIA.**—(1) Each evaluation shall be conducted by individuals not directly involved in the administration of the program or project operated under this part. Such independent evaluators and the program administrators shall jointly develop evaluation criteria which provide for appropriate analysis of the factors under subsec-

tion (a). When possible, each evaluation shall include comparisons with appropriate control groups.

(2) In order to determine a program's effectiveness in achieving its State goals, each evaluation shall contain objective measures of such goals and, where feasible, shall obtain the specific views of program participants about such programs.

(c) **REPORT TO CONGRESS AND DISSEMINATION.**—The Secretary shall prepare and submit to the Congress a review and summary of the results of such evaluations not later than September 30, 1997.

SEC. 1077. FEDERAL SHARE.

The Federal share of programs assisted under this part shall be 90 percent in the first year, 80 percent in the second year, 70 percent in the third year, 60 percent in the fourth year, and 50 percent in the fifth year.

SEC. 1078. SUPPLEMENT/NOT SUPPLANT.

An institution of higher education or a local educational agency may use funds received under this part only so as to supplement and, to the extent practicable, increase the level of funds that would be available from non-Federal sources for the uses of funds under this part and in no case may such funds be so used as to supplant such funds from such non-Federal sources.

SEC. 1079. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this part, \$25,000,000 for fiscal year 1993, and such sums as may be necessary for each of the 4 succeeding fiscal years. Not more than 3 percent of the amount appropriated for any fiscal year may be used for purposes of section 1076.

【TITLE XI—PARTNERSHIPS FOR ECONOMIC DEVELOPMENT AND URBAN COMMUNITY SERVICE

【PART A—PARTNERSHIPS FOR ECONOMIC DEVELOPMENT

【FINDINGS AND PURPOSE

【SEC. 1101. (a) FINDINGS.—The Congress finds that—

【(1) there is a need for more systematic and comprehensive efforts to link postsecondary education institutions with State and local governments, labor, business, industry, and community organizations, in order to meet local problems, and to plan, maintain, and attract lasting economic improvement;

【(2) effective economic development is enhanced by the active participation of postsecondary education institutions;

【(3) the economic vitality and international competitiveness of the United States depends on using all available resources; and

【(4) Federal leadership is critical to promoting such competitiveness efforts.

【(b) PURPOSE.—The purpose of this part is to encourage the involvement of postsecondary education institutions with units of government, labor, business, industry, and community organizations to—

[(1) conduct planning, research, and activities which promote economic development and the expansion and retention of jobs on the local, State, and regional level;

[(2) develop programs for job retraining and expanding business and industry opportunities in the area;

[(3) enhance local growth initiatives through utilization of their expertise in economic and community development; and

[(4) demonstrate new approaches to economic development partnerships and to make them available to other areas of the Nation.

[USE OF ECONOMIC DEVELOPMENT FUNDS

[SEC. 1102. (a) ALLOWABLE ACTIVITIES.—An eligible institution or consortium of such institutions may apply for assistance under this part to support—

[(1) planning and research (including applied research) directed at solving local economic development problems, promoting growth, and improving productivity;

[(2) resource exchanges between faculty, government personnel, and private sector experts in economic development activities; and

[(3) any combination of the activities described in subparagraphs (A) and (B) which promote local economic development.

[(b) SPECIAL PROJECTS AUTHORIZED.—Special projects which may be supported under subsection (a)(2) are projects which address broad or national economic development issues, are innovative in their approach, and hold promise of application beyond the area served. Such projects may include—

[(1) the application of technology research to manufacturing aspects of mature industries in a region or State;

[(2) the design and development of technical assistance centers based at eligible institutions which will provide an integrated program of education, research, and technology transfer to business and industry;

[(3) projects to support entrepreneurship training and technical assistance; and

[(4) projects to develop new approaches or complement efforts to explore, expand, and foster opportunities for international business and trade.

[(c) DISSEMINATION PROJECTS.—In addition to the activities described in subsections (a) and (b), the Secretary is authorized to make a limited number of grants to identify and disseminate effective models and techniques which use partnerships between postsecondary education institutions and others involved in economic development to support economic improvement.

[(d) MAXIMUM GRANT.—The maximum grant award under subsection (a) for any fiscal year shall be \$50,000, except that the limitation contained in this paragraph shall not apply in the case of an application submitted by a consortium of eligible institutions.

[REQUIREMENTS FOR ECONOMIC DEVELOPMENT GRANT APPLICATIONS

[SEC. 1103. (a) LOCAL INVOLVEMENT.—The Secretary may make grants under this part to an eligible institution or consortium of such institutions that demonstrates in its application a proposed program that will involve the active participation of and commitment of resources and personnel by—

- [(1)** local or State units of governments;
- [(2)** business or industry;
- [(3)** labor unions or union representatives; and
- [(4)** nonprofit organizations concerned with economic development in the area to be served.

[(b) GENERAL CONDITIONS.—Each application under this part shall be filed with the Secretary at such time or times as the Secretary may prescribe. The application shall—

- [(1)** set forth a program which is likely to make substantial progress toward achieving the purposes of this part;
- [(2)** provide for an effective dissemination of information on successful results of the activities;
- [(3)** provide assurances that an assessment has been made of Federal and State resources and that the resources are unavailable for the proposed activity;
- [(4)** describe the consultation and, if appropriate, coordination with other Federal and State economic development efforts;
- [(5)** contain assurances that the eligible institution will, to the extent practicable, coordinate its use of resources available for student assistance in a manner which will support the activities conducted under this part;
- [(6)** describe how the plan fits into the overall economic development plan for the area to be served, contributes to long-term economic growth and employment opportunities, and furthers the goals of the postsecondary education institution; and
- [(7)** contain such other information and assurances as the Secretary may require by regulation.

[(c) SPECIAL CONSIDERATION.—In making grants under this part, the Secretary shall give special consideration to applications which—

- [(1)** propose to serve an area which—
 - [(A)** has an unemployment rate 1 percent above the national average unemployment rate for the most recent 24-month period, or
 - [(B)** has experienced or is about to experience sudden economic dislocation resulting in job loss that is significant, both in terms of the number of jobs eliminated and the effect upon the employment rate of the area;
- [(2)** are submitted by a consortia of postsecondary education institutions, including 4- and 2-year, public and private postsecondary education institutions, and provides a regional geographic approach to solving economic development problems; or
- [(3)** develop approaches which promote economic diversification for rural areas or areas whose economy is dependent upon a single industry or single employer.

[PART B—URBAN COMMUNITY SERVICE

[PURPOSE

[SEC. 1111. It is the purpose of this part to encourage the use of urban universities as sources of skills, talents, and knowledge which can serve the urban areas in which they are located in meeting urban problems.

[USE OF URBAN COMMUNITY SERVICE FUNDS

[Sec. 1112. (a) ALLOWABLE ACTIVITIES.—An eligible institution that is an urban university, or consortium of such institutions, may apply for assistance under this part to support cooperative projects through which such universities provide urban areas with applied research, planning services, specialized training, technical assistance or other services to address high priority needs of such urban areas.

[(b) PRIORITY NEEDS.—Each eligible urban university shall establish high priority needs through consultation with local government, business, labor, or community-based organizations.

[CONTENTS FOR APPLICATIONS FOR URBAN COMMUNITY SERVICES PROJECTS

[SEC. 1113. (a) EVALUATION AND SELECTION OF APPLICATIONS.—An application submitted under this part shall—

[(1) contain assurances that the chief executive officer of the local government has been given a reasonable opportunity to review and comment on the proposed project or projects; and

[(2) show participation of any local agency of general government and of the community in the development and implementation of each project for which assistance is sought.

[(b) SELECTION PRIORITIES.—The Secretary shall give priority to applications which contain cooperative arrangements among urban universities, community colleges, and other institutions of higher education and other entities in the public, private, and nonprofit sectors within an urban area.

[PART C—GENERAL PROVISIONS

[ADMINISTRATIVE PROVISIONS

[SEC. 1121. (a) PEER REVIEW.—The Secretary shall designate a peer review panel to review applications submitted under parts A and B of this title and make recommendations for funding to the Secretary. In selecting the peer review panel, the Secretary shall consult with other appropriate Cabinet-level officials and non-Federal organizations, to ensure that the panel will be geographically balanced and be composed of an equal number of representatives from public and private higher education, labor, business, and State and local government who have expertise in economic development and urban community service.

[(b) DURATION OF GRANTS.—Subject to the availability of appropriations, grants under parts A and B may be made on a multiyear basis, except that no institution, individually or as a participant in

a combination of such institutions may receive a grant for one project for more than 5 years.

[(c) GEOGRAPHIC DISTRIBUTION.—The Secretary shall award grants under parts A and B in such a manner as to achieve broad and equitable distribution of assistance throughout the Nation.

[(d) NON-FEDERAL MATCH REQUIRED.—An applicant under parts A and B and the organizations associated with its application shall contribute to the conduct of the program supported by the grant an amount from non-Federal sources equal to at least one-fourth the amount of the grant, which contribution may be in cash or in services, supplies, or equipment.

[(e) WAIVER OF MATCHING REQUIREMENT.—The Secretary may waive the requirement of subsection (d) with respect to an eligible institution that demonstrates a unique hardship that precludes its compliance with that requirement.

[AUTHORIZATION OF APPROPRIATIONS]

[SEC. 1122. There are authorized to be appropriated to carry out parts A and B of this title \$15,000,000 for fiscal year 1987 and such sums as may be necessary for each of the succeeding fiscal years. The Secretary shall allocate 66⅔ percent of the funds appropriated under this title for part A and 33⅓ percent for part B.

[DEFINITIONS]

[SEC. 1123. As used in this title—

[(1) the term “eligible institution” has the meaning given such term by section 435(a) of this Act;

[(2) the term “urban area” means a metropolitan statistical area having a population of not less than 500,000 individuals; or in any State which does not have a standard metropolitan statistical area which has such a population, the entity of the State having an agreement under section 1203 may, or if no such entity has an agreement, the Secretary shall designate one urban area for the purpose of this part; and

[(3) the term “urban university” means an institution of higher education or a consortium of institutions of higher education, any one of which meets all the requirements of this paragraph which—

[(A) is located in an urban area,

[(B) draws a substantial portion of its undergraduate students for the urban area in which it is located or contiguous students from the urban area in which it is located or contiguous areas,

[(C) carries out programs to make postsecondary education opportunities more accessible to residents of such urban area or contiguous areas,

[(D) has the present capacity to provide resources responsible to the needs and priorities of such urban area and contiguous areas,

[(E) offers a range of professional or graduate programs sufficient to sustain its capacity to provide such resources, and

[(F)] has demonstrated and sustained a sense of responsibility to such urban area and contiguous areas and its people.

[PART D—WAGNER INSTITUTE OF URBAN PUBLIC POLICY]

[PURPOSE; DESIGNATION]

[SEC. 1131. It is the purpose of this part to provide assistance to the City University of New York to enable the University to establish a center to coordinate resources for the development of solutions to pressing urban and social problems. The institute shall be known as the "Robert F. Wagner, Sr., Institute of Urban Public Policy" (hereafter in this part referred to as the "Institute").

[APPLICATION FOR THE USE OF FUNDS]

[SEC. 1132. (a) APPLICATION.—No payment may be made under this part except upon application at such time, in such manner, and containing or accompanied by such information as the Secretary may require.

[(b) USE OF FUNDS.—Payments made under this part may be used by the City University of New York to establish and operate the Institute and to support the following activities of the Institute:

[(1) The Institute shall inventory and assess academic research, education, and training capabilities with respect to urban redevelopment strategies. The Institute shall ensure that information derived from this activity shall be available for use in public policy debates on solutions to urban problems.

[(2) The Institute shall conduct a series of forums to promote and coordinate decisionmaking on urban problems. Such forums shall be focused upon such issues as economic development, youth employment, law enforcement, education, services to the elderly, health care delivery systems, and immigration patterns. Participants in such forums shall be drawn from Federal, State, and local government, the business and professional community, labor, education, and community based organizations.

[(3) In developing topics for the forums to be conducted under paragraph (2), and in establishing priorities for the allocation of its resources, the Institute shall establish and regularly consult with an advisory council of urban advisors representing leaders in government business, labor, education, and community based operations.

[(4) The Institute shall prepare and publish reports on the forums conducted pursuant to paragraph (2) and publish and disseminate the results of its research activities.

[AUTHORIZATION OF APPROPRIATIONS]

[SEC. 1133. There are authorized to be appropriated to carry out this part, \$2,000,000, which may remain available until expended.]

TITLE XI—STUDENT COMMUNITY SERVICE

PART A—HIGHER EDUCATION INNOVATIVE PROJECTS FOR COMMUNITY SERVICE

SEC. 1101. HIGHER EDUCATION INNOVATIVE PROJECTS FOR COMMUNITY SERVICE.

(a) **PURPOSE.**—It is the purpose of this part to support innovative projects to encourage students to participate in community service activities while such students are attending institutions of higher education.

(b) **GENERAL AUTHORITY.**—The Secretary of Education, after consultation with the Commission on National Service to insure coordination of activities, is authorized to make grants to, and enter into contracts with, institutions of higher education (including a combination of such institutions) and other public agencies and nonprofit organizations working in partnership with institutions of higher education—

(1) to enable the institution to create or expand community service activities for students attending that institution;

(2) to encourage student-initiated and student-designed community service projects;

(3) to encourage students to participate in community service activities that will engender a sense of social responsibility and commitment to the community;

(4) to encourage students to assist in the teaching of individuals with limited basic skills or an inability to read and write; and

(5) to provide for the training of teachers, prospective teachers, related education personnel, and community leaders in the skills necessary to develop, supervise, and organize community service activities, taking into consideration the particular needs of a community and the ability of the grantee to actively involve a major part of the community in, and substantially benefit the community by, the proposed community service activities.

(c) **FEDERAL SHARE.**—

(1) **IN GENERAL.**—The Federal share of each grant awarded under this section shall not exceed 50 percent of the cost of the community service activities carried out with each such grant.

(2) **NON-FEDERAL SOURCES.**—That portion of the costs of programs that receive assistance under this part that are to be paid from sources other than Federal funds may be paid in cash or in kind (fairly evaluated).

(d) **APPLICATION FOR GRANT.**—To receive a grant under this part, an applicant shall prepare and submit to the Secretary, an application at such time, in such manner, and containing such information as the Secretary may reasonably require, including—

(1) a description of the proposed program to be established with assistance provided under the grant;

(2) a description of the human, educational, environmental, or public safety service that participants will perform and the community need that will be addressed under such program;

(3) a description of the procedure for training supervisors and participants and for supervising and organizing participants in such proposed program;

(4) a description of the budget for the program; and

(5) assurances that, prior to the placement of a participant in the program, the applicant will consult with any local labor organization representing employees, with any employers, and with any business organizations in the area who are engaged in the same or similar work or business as that proposed to be carried out by such project.

(e) **AUTHORIZATION OF APPROPRIATIONS.**—There are authorized to be appropriated for the purposes of carrying out part A, \$15,000,000 for fiscal year 1993 and such sums as may be necessary for the 4 succeeding fiscal years.

PART B—STUDENT LITERACY CORPS AND STUDENT MENTORING CORPS

SEC. 1111. PURPOSE.

It is the purpose of this part to provide financial assistance to institutions of higher education to promote the development of literacy corps programs and mentoring corps programs to be operated by institutions of higher education in public community agencies in the communities in which such institutions are located.

SEC. 1112. LITERACY CORPS PROGRAM AND MENTORING CORPS PROGRAM.

From the amount appropriated pursuant to section 1116 for any fiscal year, the Secretary is authorized, in accordance with the provisions of this part, to make grants to institutions of higher education for not to exceed 4 years to carry out literacy corps programs or mentoring corps programs.

SEC. 1113. USES OF FUNDS.

(a) **IN GENERAL.**—Funds made available under this part may be used for—

(1) grants to institutions of higher education for—

(A) the costs of participation of institutions of higher education in the literacy corps program or mentoring corps program for which assistance is sought; and

(B) stipends for student coordinators engaged in the literacy corps program or mentoring corps program for which assistance is sought; and

(2) technical assistance, collection and dissemination of information, and evaluation in accordance with section 1115.

(b) **LIMITATIONS.**—(1) No grant under this part to an institution of higher education may exceed \$50,000.

(2) No institution of higher education may expend more than \$25,000 of a grant made under this part in the first year in which the institution receives such a grant.

SEC. 1114. APPLICATIONS.

(a) **APPLICATION REQUIRED.**—Each institution of higher education desiring to receive a grant under this part shall submit an application of the Secretary, at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require.

(b) CONTENTS OF APPLICATION.—**(1) LITERACY CORPS.—Each application shall—**

(A) contain assurances that the institution will use the grant in accordance with section 1113;

(B) contain adequate assurances that—

(i) the institution has established 1 or more courses of instruction for academic credit which are designed to combine the training of undergraduate students in various academic departments such as social sciences, economics, and education with experience as tutors;

(ii) such individuals will be required, as a condition of receiving credit in such course, to perform not less than 60 hours of voluntary, uncompensated service during the academic term in a public community agency as a tutor in such agency's educational or literacy program;

(iii) such tutoring service will be supplementary to the existing instructional services, offered in a structured classroom setting, and furnished under the supervision of qualified personnel; and

(iv) the institution will locate such tutoring services in one or more public community agencies which serve educationally or economically disadvantaged individuals and individuals with disabilities and, as provided in section 1116, will give priority in providing tutoring services to—

(I) educationally disadvantaged students receiving services under chapter 1 of title I of the Elementary and Secondary Education Act of 1965;

(II) students with disabilities; and

(III) illiterate parents of educationally or economically disadvantaged elementary school students, with special emphasis on single-parent households; and

(C) demonstrate that the institution of higher education has participated, prior to applying for a grant under this part, in community service activities, including the conduct of a cooperative education program; and

(D) contain such other assurances as the Secretary may reasonably require.

(2) MENTORING CORPS.—Each application shall—

(A) contain assurances that the institution will use the grant in accordance with section 1113;

(B) contain adequate assurances that—

(i) the institution has established 1 or more courses of instruction of academic credit which are designed to combine the training of undergraduate students of various academic departments with experience as mentors;

(ii) such individuals will be required, as a condition of receiving credit in such course, to perform not less than 60 hours of voluntary, uncompensated service during the academic term as a mentor to economically disadvantaged children and youth;

(iii) such mentoring will be complimentary to the existing instructional services offered in a structured classroom setting, and will include structured and informal activities geared towards improving the academic, social and emotional development of children in the programs;

(iv) the institution will locate public community agencies or elementary/secondary schools which serve educationally or economically disadvantaged youth and, as provided in section 1116, will give priority in providing mentoring services to economically disadvantaged children and youth through community-based organizations or elementary/secondary schools;

(C) demonstrate that the institution of higher education has participated, prior to applying for a grant under this subtitle, in community service activities, including the conduct of a cooperative education program; and

(D) contain such other assurances as the Secretary may reasonably require.

(c) **WAIVER.**—The Secretary may, upon request of an institution of higher education which does not meet the requirements of clause (3) of subsection (b), grant a waiver of the requirement under such clause if the institution of higher education provides assurances that—

(1) the institution of higher education has conducted another significant program which involves community outreach and service; or

(2) its failure to engage in community service related programs or activities prior to making application under this part will not impede the ability of the institution to engage in the outreach efforts necessary to carry out the requirements of this part.

An institution of higher education may apply for a waiver as part of the application described in subsection (b).

SEC. 1115. TECHNICAL ASSISTANCE AND COORDINATION CONTRACT.

To the extent that funds are available therefor pursuant to section 1116, the Secretary may, directly or by way of grant, contract, or other arrangement—

(1) provide technical assistance to grant recipients under this part;

(2) collect and disseminate information with respect to programs assisted under this part; and

(3) evaluate such programs and issue reports on the results of such evaluations.

SEC. 1116. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out the provisions of this part \$15,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

SEC. 1117. DEFINITION.

For the purpose of this part, the term "public community agency" means an established community agency with an established program of instruction such as elementary and secondary schools, Head

Star centers, prisons, agencies serving youth, and agencies serving the handicapped, including disabled veterans.*

PART C—INNOVATIVE PROJECTS FOR COMMUNITY SERVICES AND STUDENT FINANCIAL INDEPENDENCE

SEC. 1121. STATEMENT OF PURPOSE.

It is the purpose of this part to support innovative projects in order to determine the feasibility of encouraging student participation in community service projects in exchange for educational services or financial assistance and thereby reduce the debt acquired by students in the course of completing postsecondary educational programs.

SEC. 1122. INNOVATIVE PROJECTS FOR COMMUNITY SERVICES AND STUDENT FINANCIAL INDEPENDENCE.

(a) **GENERAL AUTHORITY.**—*The Secretary is authorized, in accordance with the provisions of this part, to make grants to and contracts with institutions of higher education (including combinations of such institutions) and with such other public agencies and non-profit private organizations as the Secretary deems necessary for innovative projects designed to carry out the purpose of this part.*

(b) **APPLICATIONS.**—*No grant may be made and no contract may be entered into under this section unless an application is made at such time, in such manner, and contained or accompanied by such information as the Director may require.*

(c) **APPLICABLE PROCEDURES.**—(1) *No application may be approved under subsection (b) unless the National Board of the Fund for Improvement of Postsecondary Education, under procedures established by the Director, approves the application.*

(2) *The provisions of section 1004(b) shall apply to grants made under this part.*

(d) **DEFINITIONS.**—*For the purposes of this part, the term "Director" means the director of the Fund for the Improvement of Postsecondary Education.*

SEC. 1123. AUTHORIZATION OF APPROPRIATIONS.

(a) *There are authorized to be appropriated to carry out this part, \$5,000,000 for fiscal year 1993, and such sums as may be necessary for the 4 succeeding fiscal years.*

(b) *No funds may be appropriated pursuant to subsection (a) for any fiscal year unless funds are appropriated for part A of this title for such fiscal year.*

PART D—COMMUNITY SERVICE-LEARNING

SEC. 1131. PROGRAM AUTHORITY.

(a) **PURPOSE.**—*The purpose of this part is—*

(1) *to encourage and enable institutions of higher education to develop workstudy programs involving eligible students in community service-learning designed to develop, improve, or expand services for low-income individuals and families or to solve particular problems related to the needs of low-income individuals; and*

(2) *to enable institutions to establish or expand a program under which such institution, separately or in combination*

with other eligible institutions and through formal or informal consultation with local nonprofit, governmental, educational, and community-based organizations, locates and develops community services jobs for students receiving assistance under part C of title IV.

(b) **DEFINITIONS.**—For the purpose of this part—

(1) "community service-learning program" means a program of student work that—

(A) provides tangible community services for or on behalf of low-income individuals or families; and

(B) to the maximum extent practicable, provides participating students with work-learning opportunities which complement and reinforce their educational programs or vocational goals; and

(2) "community services" means services which are identified by an institution of higher education, through formal or informal consultation with local nonprofit, governmental, and community-based organizations, as designed to improve the quality of life for community residents, particularly low-income individuals, or to solve particular problems related to their needs including, but not limited to, such fields as health care, child care, literacy training, education (including tutorial services), welfare, social services, transportation, housing and neighborhood improvement, public safety, crime prevention and control, recreation, rural development, and community improvement.

(c) **COMMUNITY SERVICE JOB LOCATION AND DEVELOPMENT PROGRAM.**—The Secretary is authorized to enter into agreements with eligible institutions to provide a program under paragraph (2) of subsection (a) of this part, which agreement shall—

(1) provide that the Federal share of the cost of any program under this section will not exceed 80 percent of such cost;

(2) provide satisfactory assurance that funds available under this section will not be used for the location or development of jobs for students to obtain upon graduation, but rather for the location and development of jobs available to students during and between periods of attendance at such institution;

(3) provide satisfactory assurance that the location or development of jobs pursuant to programs assisted under this part will not result in the displacement of employed workers or impair existing contracts for service;

(4) provide satisfactory assurance that Federal funds used for the purpose of this part can realistically be expected to help generate student wages exceeding, in the aggregate, the amount of such funds, and that if such funds are used to contract with another organization, appropriate performance standards are part of such contract; and

(5) provide that the institution will submit to the Secretary an annual report on the uses made of funds provided under this part and an evaluation of the effectiveness of such program in benefiting the students of such institution.

(d) **USE OF FUNDS.**—The Secretary shall not regulate the amount or the proportion of funds available to eligible institutions, under this section, that they may use to carry out the activities described

in subsections (a), (c), and (e). Such uses of funds shall be solely determined by each such institution.

(e) **USE OF FUNDS TO CONDUCT PROGRAM.**—Each institution participating under this part may use funds made available under section 442(e) to conduct that institution's program of community service-learning, including—

(1) development of mechanisms to assure the academic quality of the student experience,

(2) assuring student access to educational resources, expertise, and supervision necessary to achieve community service objectives, and

(3) collaboration with public and private nonprofit agencies in the planning, development, and administration of such programs.

PART E—GRANTS FOR SEXUAL OFFENSES EDUCATION

SEC. 1171. GRANTS FOR CAMPUS SEXUAL OFFENSES EDUCATION.

(a) **IN GENERAL.**—The Secretary of Education is authorized to make grants to or enter into contracts with institutions of higher education for sexual offenses education and prevention programs under this section.

(2) The Secretary shall make financial assistance available on a competitive basis under this section. An institution of higher education or consortium of such institutions which desires to receive a grant or enter into a contract under this section shall submit an application to the Secretary at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require in accordance with regulations.

(3) The Secretary shall make every effort to ensure the equitable participation of private and public institutions of higher education and to ensure the equitable geographic participation of such institutions. In the award of grants and contracts under this section, the Secretary shall give priority to institutions who show the greatest need for the sums requested.

(b) **GENERAL SEXUAL OFFENSES PREVENTION AND EDUCATION GRANTS.**—Grants under this section shall be used to educate and provide support services to student victims of sexual offenses. Grants may be used for the following purposes:

(1) to provide training for campus security and college personnel, including campus disciplinary or judicial boards, that address the issues of sexual offenses;

(2) to develop, disseminate, or implement campus security and student disciplinary policies to prevent and discipline sexual offense crimes;

(3) to develop, enlarge, or strengthen support services programs including medical or psychological counseling to assist victims' recovery from sexual offense crimes;

(4) to create, disseminate, or otherwise provide assistance and information about victims' options on and off campus to bring disciplinary or other legal action; and

(5) to implement, operate, or improve sexual offense education and prevention programs, including programs making use of peer-to-peer education.

(c) **MODEL GRANTS.**—Not less than 25 percent of the funds authorized under this section shall be available for grants for model demonstration programs to be coordinated with local rape crisis centers for the development and implementation of quality rape prevention and education curricula and for local programs to provide services to student sexual offense victims.

(d) **ELIGIBILITY.**—No institution of higher education or consortium of such institutions shall be eligible for a grant under this section unless—

(1) its student code of conduct, or other written policy governing student behavior explicitly prohibits all forms of sexual offenses;

(2) it has in effect and implements a written policy requiring the disclosure of the victim of any sexual offense the outcome of any investigation by campus police or campus disciplinary proceedings brought pursuant to the victim's complaint against the alleged perpetrator of the sexual offense, except that nothing in this section shall be interpreted to authorize disclosure to any person other than the victim; and

(3) the Secretary shall give priority to those grant applicants who do not have an established campus education program regarding sexual offenses.

(e) **APPLICATIONS.**—(1) In order to be eligible to receive a grant under this section for any fiscal year, an institution of higher education, or consortium of such institutions, shall submit an application to the Secretary at such time and in such manner as the Secretary shall prescribe.

(2) Each such application shall—

(A) set forth the activities and programs to be carried out with funds granted under this part;

(B) contain an estimate of the cost for the establishment and operation of such programs;

(C) explain how the program intends to address the issue of sexual offenses;

(D) provide assurances that the Federal funds made available under this section shall be used to supplement and, to the extent practical, to increase the level of funds that would, in the absence of such Federal funds, be made available by the applicant for the purpose described in this part, and in no case to supplant such funds; and

(E) include such other information and assurances as the Secretary reasonably determines to be necessary.

(f) **GRANTEE REPORTING.**—Upon completion of the grant period under this section, the grantee institution or consortium of institutions shall file a performance report with the Secretary explaining the activities carried out together with an assessment of the effectiveness of those activities in achieving the purposes of this section. The Secretary shall suspend funding for an approved application if an applicant fails to submit an annual performance report.

(g) **DEFINITIONS.**—For purposes of this part, the term "sexual offenses educational and prevention" includes programs that provide education seminars, peer-to-peer counseling, operation of hotlines, self-defense courses, the preparation of informational materials, and

any other effort to increase campus awareness of the facts about, or to help prevent, sexual offenses.

(h) GENERAL TERMS AND CONDITIONS.—

(1) REGULATIONS.—No later than 45 days after the date of enactment of this section, the Secretary shall publish proposed regulations implementing this section. No later than 120 days after such date, the Secretary shall publish final regulations implementing this section.

(2) REPORTS TO CONGRESS.—No later than 180 days after the end of each fiscal year for which grants are made under this section, the Secretary shall submit to the committees of the House of Representatives and the Senate responsible for issues relating to higher education and to crime, a report that includes—

(A) the amount of grants made under this section;

(B) a summary of the purposes for which those grants were provided and an evaluation of their progress; and

(C) a copy of each grantee report filed pursuant to subsection (f) of this section.

(3) For the purpose of carrying out this subchapter, there are authorized to be appropriated \$20,000,000 for the fiscal year 1993, and such sums as may be necessary for each of the 4 succeeding fiscal years.

TITLE XII—GENERAL PROVISIONS

DEFINITIONS

SEC. 1201. As used in this Act—(a) The term “institution of higher education” means an educational institution in any State which (1) admits as regular students only persons having a certificate of graduation from a school providing secondary education, or the recognized equivalent of such a certificate, (2) is legally authorized within such State to provide a program of education beyond secondary education, (3) provides an educational program for which it awards a bachelor’s degree or provides not less than a two-year program which is acceptable for full credit toward such a degree, and (4) is a public or other nonprofit institution[, and (5) is accredited by a nationally recognized accrediting agency or association, or if not so accredited, (A) is an institution with respect to which the Secretary has determined that there is satisfactory assurance, considering the resources available to the institution, the period of time, if any, during which it has operated, the effort it is making to meet accreditation standards, and the purpose for which this determination is being made, that the institution will meet the accreditation standards of such an agency or association within a reasonable time, or (B) is an institution whose credits are accepted, on transfer, by not less than three institutions which are so accredited, for credit on the same basis as if transferred from an institution so accredited]. Such term also includes any school which provides not less than a one-year program of training to prepare students for gainful employment in a recognized occupation and which meets the provision of [clauses (1), (2), (4), and (5)] clauses (1), (2), and (4). Such term also includes a public or nonprofit private educational institution in any State which, in lieu of the requirement

in clause (1), admits as regular students persons who are beyond the age of compulsory school attendance in the State in which the institution is located. [For purposes of this subsection, the Secretary shall publish a list of nationally recognized accrediting agencies or associations which he determines to be reliable authority as to the quality of training offered.]

* * * * *

[(d) The term "secondary school" means a school which provides secondary education as determined under State law except that it does not include any education provided beyond grade 12.

[(e) The term "Secretary" means the Secretary of Education.

[(g) The term "local educational agency" means a public board of education or other public authority legally constituted within a State for either administrative control or direction of, or to perform a service function for, public elementary or secondary schools in a city, county, township, school district, or other political subdivision of a State, or such combination of school districts of counties as are recognized in a State as an administrative agency for its public elementary or secondary schools. Such term also includes any other public institution or agency having administrative control and direction of a public elementary or secondary school.

[(h) The term "State educational agency" means the State board of education or other agency or officer primarily responsible for the State supervision of public elementary and secondary school, or, if there is no such officer or agency, an officer or agency designated by the Governor or by State law.

[(i) The term "elementary school" means a school which provides elementary education including education below grade 1, as determined under State law.

[(j) The term "combination of institutions of higher education" means a group of institutions of higher education that have entered into a cooperative arrangement for the purpose of carrying out a common objective, or a public or private nonprofit agency, organization, or institution designated or created by a group of institutions of higher education for the purpose of carrying out a common objective on their behalf.

[(k) The term "gifted and talented children" means, in accordance with objective criteria prescribed by the Secretary, children who have outstanding intellectual ability or creative talent.]

(d) The term "secondary school" has the same meaning given that term under section 1471(21) of the Elementary and Secondary Education Act of 1965.

(e) The term "Secretary" means the Secretary of Education.

(f) The term "local educational agency" has the same meaning given that term under section 1471(12) of the Elementary and Secondary Education Act of 1965.

(g) The term "State educational agency" has the same meaning given that term under section 1471(23) of the Elementary and Secondary Education Act of 1965.

(h) The term "elementary school" has the same meaning that term under section 1471(8) of the Elementary and Secondary Education Act of 1965.

(i) The term "combination of institutions of higher education" means a group of institutions of higher education that have entered into a cooperative arrangement for the purpose of carrying out a common objective, or a public or private nonprofit agency, organization, or institution designated or created by a group of institutions of higher education for the purpose of carrying out a common objective on their behalf.

(j) The term "gifted and talented children" has the same meaning given that term under section 4103(1) of the Elementary and Secondary Education Act of 1965.

(k) The term "disability" shall have the same meanings as defined in section 3 of the Americans with Disabilities Act of 1990 (42 U.S.C. 12102).

* * * * *

ANTIDISCRIMINATION

SEC. 1202. (a) IN GENERAL.—Institutions of higher education receiving Federal financial assistance may not use such financial assistance whether directly or indirectly to undertake any study or project or fulfill the terms of any contract containing an express or implied provision that any person or persons of a particular race, religion, sex, or national origin be barred from performing such study, project, or contract, except no institution shall be barred from performing such study, project, or contract, except no institution shall be barred from conducting objective studies or projects concerning the nature, effects, or prevention of discrimination, or have its curriculum restricted on the subject of discrimination, against any such person.

(b) LIMITATIONS ON STATUTORY CONSTRUCTION.—Nothing in this Act shall be construed to limit the rights or responsibilities of any individual under the Americans With Disabilities Act of 1990, the Rehabilitation Act of 1973, or any other law.

FEDERAL-STATE RELATIONSHIPS; STATE AGREEMENTS

SEC. 1203. (a) * * *

* * * * *

(f) For the purposes of this section an "applicable program" is defined as—

- (1) title I; and
- (2) subpart 3 of part A of title IV [; and].
- [3] part A of title VII.]

* * * * *

DISCLOSURES OF FOREIGN GIFTS

SEC. 1209. (a) DISCLOSURE REPORT.—Whenever any institution is owned or controlled by a foreign source or receives a gift from or enters into a contract with a foreign source, the value of which is \$250,000 or more, considered alone or in combination with all other gifts from or contracts with that foreign source within a calendar year, the institution shall file a disclosure report with the Secretary on January 31 or July 31, whichever is sooner.

(b) **CONTENTS OF REPORT.**—Each report to the Secretary required by this Act shall contain.

(1) For gifts received from or contracts entered into with a foreign source other than a foreign government, the aggregate dollar amount of such gifts and contracts attributable to a particular country. The country to which a gift is attributable is the country of citizenship, or if unknown, the principal residence for a foreign source who is a natural person, and the country of incorporation, or if unknown, the principal place of business, for a foreign source which is a legal entity.

(2) For gifts received from or contracts entered into with a foreign government, the aggregate amount of such gifts and contracts received from each foreign government.

(3) In the case of an institution which is owned or controlled by a foreign source, the identity of the foreign source, the date of which the foreign source assumed ownership or control, and any changes in program or structure resulting from the change in ownership or control.

(c) **ADDITIONAL DISCLOSURES FOR RESTRICTED AND CONDITIONAL GIFTS.**—Notwithstanding the provisions of subsection (b), whenever any institution receives a restricted or conditional gift or contract from a foreign source, the institution shall disclose:

(1) For such gifts received from or contracts entered into with a foreign source other than a foreign government, the amount, the date, and a description of such conditions or restrictions. The report shall also disclose the country of citizenship, or if unknown, the principal residence for a foreign source which is a natural person, and the country of incorporation, or if unknown, the principal place of business for a foreign source which is a legal entity.

(2) For gifts received from or contracts entered into with a foreign government, the amount, the date, a description of such conditions or restrictions, and the name of the foreign government.

(d) **RELATION TO OTHER REPORTING REQUIREMENTS.**—

(1) **STATE REQUIREMENTS.**—If an institution described under subsection (a) is within a State which has enacted requirements for public disclosure of gifts from or contracts with a foreign source that are substantially similar to the requirements of this section, a copy of the disclosure report filed with the State may be filed with the Secretary in lieu of a report required under subsection (a). The State in which the institution is located shall provide to the Secretary such assurances as the Secretary may require to establish that the institution has met the requirements for public disclosure under State law if the State report is filed.

(2) **USED OF OTHER FEDERAL REPORTS.**—If an institution receives a gift from, or enters into a contract with, a foreign source, where any other department, agency, or bureau of the Executive Branch requires a report containing requirements substantially similar to those required under this Act, a copy of this report may be filed with the Secretary in lieu of a report required under subsection (a).

(e) **PUBLIC INSPECTION.**—All disclosure reports required by this Act shall be public records open to inspection and copying during business hours.

(f) **ENFORCEMENT.**—

(1) **COURT ORDERS.**—Whenever it appears that an institution has failed to comply with the requirements of this section, including any rule or regulation promulgated thereunder, a civil action may be brought in an appropriate district court of the United States, or the appropriate United States court of any territory or other place subject to the jurisdiction of the United States, to request such court to compel compliance with the requirements of the Act.

(2) **COSTS.**—For knowing or willful failure to comply with the requirements of this section, including any rule or regulation promulgated thereunder, an institution shall pay to the Treasury of the United States the full costs to the United States of obtaining compliance, including all associated costs of investigation and enforcement.

(g) **REGULATIONS.**—The Secretary may promulgate regulations to carry out the ministerial duties imposed on the Secretary by this section.

(h) **DEFINITIONS.**—For the purpose of this section—

(1) the term **contract** means any agreement for the acquisition by purchase, lease, or barter of property or services by the foreign source, for the direct benefit or use of either of the parties;

(2) the term **"foreign source"** means—

(A) a foreign government, including an agency of a foreign government;

(B) a legal entity, governmental or otherwise, created solely under the laws of a foreign state or states;

(C) an individual who is not a citizen or a national of the United States or a trust territory or protectorate thereof; and

(D) an agent, including a subsidiary or affiliate of a foreign legal entity, acting on behalf of a foreign source;

(3) the term **"gift"** means any gift of money or property;

(4) the term **"institution"** means any institution, public or private, or, if a multicampus institution, any single campus of such institution, in any State which—

(A) is legally authorized within such State to provide a program of education beyond high school;

(B) provides a program for which it awards a bachelor's degree (or provides not less than a 2-year program which is acceptable for full credit toward such a degree) or more advanced degrees; and

(C) is accredited by a nationally recognized accrediting agency or association, and to which institution Federal financial assistance is extended (directly or indirectly through another entity or person), or which institution receives support from the extension of Federal financial assistance to any of its subunits; and

(5) the term **"restricted or conditional gift or contract"** means any endowment, gift, grant, contract, award, present, or proper-

ty of any kind which includes provisions regarding (A) the employment, assignment, or termination of faculty; (B) the establishment of departments, centers, research or lecture programs, or new faculty positions; (C) the selection or admission of students; or (D) the award of grants, loans, scholarships, fellowships, or other forms of financial aid restricted to students of a specified country, religion, sex, ethnic origin, or political opinion.

* * * * *

SECTION 801 OF THE NATIONAL LITERACY ACT OF 1991

SEC. 801. ELIGIBILITY FOR EDUCATION PROGRAMS.

(a) **HIGHER EDUCATION.**—Section 484 of [the Act] *the Higher Education Act of 1965* (20 U.S.C. 1091) is amended by adding at the end thereof the following new subsection:

“(k) **STUDENTS ATTENDING INSTITUTIONS IN THE FREELY ASSOCIATED STATES AND ELIGIBILITY FOR TRIO PROGRAMS.**—Notwithstanding any other provision of law, a student who meets the requirements of paragraph (a)(5) of this section or who is a resident of the freely associated states, and who attends a public or nonprofit institution of higher education located in any of the freely associated states rather than a State, shall be eligible, if otherwise qualified, for assistance under subpart 1, 2, or 4 of part A or part C of this title.”.

* * * * *

SECTION 3008 OF THE OMNIBUS BUDGET RECONCILIATION ACT OF 1990

SEC. 3008. SUNSET PROVISION.

The amendments made by this subtitle shall cease be effective on October 1, [1996] 1997.

SECTION 3 OF THE HIGHER EDUCATION TECHNICAL AMENDMENTS OF 1991

SEC. 3. ELIMINATION OF STATUTE OF LIMITATIONS FOR STUDENT LOAN COLLECTIONS.

(a) * * *

* * * * *

(c) **EFFECTIVE DATE.**—The amendments made by this section shall be effective as if enacted by the Consolidated Omnibus Budget Reconciliation Act of 1985 (Public Law 99-272), and shall apply to any actions pending on or after the date of enactment of the Higher Education Technical Amendments of 1991 that are brought before [November 15, 1992.] October 1, 1997.

SECTION 118 OF THE NATIONAL COMMUNITY SERVICE ACT OF 1990

SEC. 118. HIGHER EDUCATION INNOVATIVE PROJECTS FOR COMMUNITY SERVICE.

[(a) **PURPOSE.**—It is the purpose of this part to support innovative projects to encourage students to participate in community

service activities while such students are attending institutions of higher education.

[(b) GENERAL AUTHORITY.—The Commission, in consultation with the Secretary of Education, is authorized to make grants to, and enter into contracts with, institutions of higher education (including a combination of such institutions) and other public agencies and nonprofit organizations working in partnership with institutions of higher education—

[(1) to enable the institution to create or expand community service activities for students attending that institution;

[(2) to encourage student-initiated and student-designed community service projects;

[(3) to facilitate the integration of community service into academic curricula, so that students can obtain credit for their community service activities;

[(4) to encourage students to participate in community service activities that will engender a sense of social responsibility and commitment to the community;

[(5) to encourage students to assist in the teaching of individuals with limited basic skills or an inability to read and write; and

[(6) to provide for the training of teachers, prospective teachers, related education personnel, and community leaders in the skills necessary to develop, supervise, and organize community service activities, taking into consideration the particular needs of a community and the ability of the grantee to actively involve a major part of the community in, and substantially benefit the community by, the proposed community service activities.

[(c) FEDERAL SHARE.—

[(1) IN GENERAL.—The Federal share of each grant awarded under this section shall not exceed 50 percent of the cost of the community service activities carried out with each such grant.

[(2) NON-FEDERAL SOURCES.—That portion of the costs of programs that receive assistance under this subtitle that are to be paid from sources other than Federal funds may be paid in cash or in kind (fairly evaluated).

[(d) APPLICATION FOR GRANT.—To receive a grant under this subtitle, an applicant shall prepare and submit to the Commission, an application at such time, in such manner, and containing such information as the Commission may reasonably require, including—

[(1) a description of the proposed program to be established with assistance provided under the grant;

[(2) a description of the human, educational, environmental or public safety service that participants will perform and the community need that will be addressed under such program;

[(3) a description of whether or not students will receive academic credit for community service activities under the program;

[(4) a description of the procedure for training supervisors and participants and for supervising and organizing participants in such proposed program;

[(5) a description of the procedures to ensure that the proposed program provides participants with an opportunity to reflect on their service experiences;

[(6) a description of the budget for the program; and

[(7) assurances that, prior to the placement of a participant in the program, the applicant will consult with any local labor organization representing employees in the area who are engaged in the same or similar work as that proposed to be carried out by such project.]

TRIBALLY CONTROLLED COMMUNITY COLLEGE ASSISTANCE ACT OF 1978

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TITLE I—TRIBALLY CONTROLLED COMMUNITY COLLEGES

* * * * *

[APPROPRIATION AUTHORIZATION]

[SEC. 110. (a)(1) There is authorized to be appropriated, for the purpose of carrying out section 105, \$3,200,000 for each of the fiscal years 1990 and 1991, and for fiscal year 1992, such sums as may be necessary.

[(2) There is authorized to be appropriated for the purpose of carrying out section 107, \$30,000,000 for each of the fiscal years 1990 and 1991, and for fiscal year 1992, such sums as may be necessary.

[(3) There are authorized to be appropriated such sums as may be necessary for the purpose of carrying out sections 112(b) and 113 for each of the fiscal years 1990, 1991, and 1992.]

APPROPRIATION AUTHORIZATION

SEC. 110. (a)(1) There is authorized to be appropriated, for the purpose of carrying out section 105, \$3,200,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

(2) There is authorized to be appropriated for the purpose of carrying out section 107, \$30,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal year

(3) There is authorized to be appropriated for the purpose of carrying out sections 112(b) and 113, \$10,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

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TITLE III—TRIBALLY CONTROLLED COMMUNITY COLLEGE ENDOWMENT PROGRAM

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AUTHORIZATION OF APPROPRIATIONS

[SEC. 306. (a) There is authorized to be appropriated to carry out the provisions of this title \$5,000,000 for each of the fiscal years 1987, 1988, 1989, 1990 and 1991, and for fiscal year 1992, \$10,000,000.]

SEC. 306. (a) There are authorized to be appropriated to carry out the provisions of this title, \$5,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

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TITLE VI—TRIBAL ECONOMIC DEVELOPMENT

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[SEC. 403. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated for grants under this part \$2,000,000 for the fiscal year 1991 and such sums as may be necessary for each of the 5 succeeding fiscal years.]

SEC. 403. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated for grants under this title, \$2,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

SECTION 5 OF THE NAVAJO COMMUNITY COLLEGE ACT

AUTHORIZATION OF APPROPRIATIONS

[SEC. 5. (a)(1) For the purpose of making construction grants under this Act, there are hereby authorized to be appropriated such sums as may be necessary for each of the fiscal years 1990, 1991, and 1992.]

SEC. 5. (a)(1) For the purpose of making construction grants under this Act, there are authorized to be appropriated \$2,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

* * * * *

HIGHER EDUCATION AMENDMENTS OF 1986

* * * * *

TITLE XV—AMERICAN INDIAN, ALASKA NATIVE, AND
NATIVE HAWAIIAN CULTURE AND ART DEVELOPMENT

* * * * *

PART A—AMERICAN INDIANS AND ALASKA NATIVES

* * * * *

SEC. 1505. BOARD OF TRUSTEES.

(a) COMPOSITION.—

(1) The Board of Trustees of the Institute shall be composed of 13 voting members and 6 nonvoting members as follows:

(A) **【The voting】** *Subject to the provisions of subsection (i), the voting members shall be appointed by the President of the United States by and with the advice and consent of the Senate, not later than 180 days after the date of enactment of this Act, from among individuals from private life who are Indians, or other individuals, widely recognized in the field of Indian art and culture and who represent diverse political views, and diverse fields of expertise, including finance, law, and fine arts higher education administration.*

* * * * *

(3) *The President shall carry out the activities under subparagraphs (B) and (C) of paragraph (2) through the Board. The Board may make recommendations based upon the nominations received, may make recommendations of its own, and may review and make comments to the President or the President's appointed staff on individuals being considered by the President who were not nominated pursuant to paragraph (2).*

【(3)】 (4) *Members of Congress appointed under this section, or their designees, shall be entitled to attend all meetings of the Board and to provide advice to the Board on any matter relating to the Institute.*

* * * * *

【(i) REVIEW BY THE SECRETARY OF THE INTERIOR.—For so long as any employee of the Institute is covered under title 5, United States Code, the Board (acting by majority vote) shall submit final decisions relating to personnel to the Secretary of the Interior. Each such decision shall become final 30 days after the date of its receipt by the Secretary unless the Secretary disapproves of such decision. The Secretary may only disapprove a decision of the Board for just cause.]

(i) **APPOINTMENT EXCEPTION FOR CONTINUITY.**—(1) *In order to maintain the stability and continuity of the Board, the Board shall have the power to recommend the continuation of Members on the Board pursuant to the provisions of this subsection. When the Board makes such a recommendation, the Chairman of the Board shall cause such recommendation to be transmitted to the President no later than 75 days prior to the expiration of the term of such Member.*

(2) *If the President has not transmitted to the Senate a nomination to fill the position of the Member covered by such a recommendation within 60 days of the date upon which said Member's term expires, such Member will be deemed to have been reappointed for another full term to the Board, with all the rights and responsibilities thereto.*

(3) *This subsection shall not be construed to permit less than 7 members of the Board to be Indians. If an extension of a term under paragraph (2) would result in less than 7 members being Indians, the term of the Member covered by the motion under paragraph (2) shall be deemed to expire on the date 60 days after the date upon which it would have been deemed to expire without the operation of this subsection, except that the provisions of subsection (b)(4), relating*

ing to continuation of service pending replacement, shall continue to apply.

* * * * *

SEC. 1507. GENERAL POWERS OF THE BOARD.

(a) **IN GENERAL.**—In carrying out the provisions of this title, the Board shall have the power, consistent with the provisions of this title—

(1) to adopt, use, and alter a corporate seal;

[(2) to make agreements and contracts with persons, Indian tribes, and private or governmental entities and to make payments or advance payments under such agreements or contracts without regard to section 3324 of title 31, United States Code;]

(2) to make agreements and contracts with persons, Indian tribes, and private or governmental entities and to make payments or advance payments under such agreements or contract without regard to section 3324 of title 31;

(3) any other provision of law to the contrary notwithstanding, to enter into joint development ventures with public or private commercial or noncommercial entities for development of facilities to meet the plan required under section 1519, provided that such ventures are related to and further the mission of the Institute;

[(3)] (4) to sue and be sued in its corporate name and to complain and defend in any court of competent jurisdiction;

[(4)] (5) to represent itself, or to contract for representation, in all judicial, legal, and other proceedings;

[(5)] (6) with the approval of the agency concerned, to make use of services, facilities, and property of any board, commission, independent establishment, or executive agency or department of the executive branch in carrying out the provisions of this title and to pay for such use (such payments to be credited to the applicable appropriation that incurred the expense);

[(6)] (7) to use the United States mails on the same terms and conditions as the executive departments of the United States Government;

[(7)] (8) to obtain the services of experts and consultants in accordance with the provisions of section 3109 of title 5, United States Code, and to accept and utilize the services of voluntary and noncompensated personnel and reimburse them for travel expenses, including per diem, as authorized by section 5703 of title 5, United States Code;

[(8)] (9) to solicit, accept, and dispose of gifts, bequests, devises of money, securities, and other properties of whatever character, for the benefit of the Institute;

[(9)] (10) to receive grants from, and enter into contracts and other arrangements with, Federal, State, or local governments, public and private agencies, organizations, institutions, and individuals;

[(10)] (11) to acquire, hold, maintain, use, operate and dispose of such real property, including improvements thereon, personal property, equipment, and other items, as may be nec-

essary to enable the Board to carry out the purpose of this title;

[(11)] (12) to the extent not already provided by law, to obtain insurance to cover all activities of the Institute, including coverage relating to property and liability, or make other provisions against losses.

[(12) to use any funds or property received by the Institute to carry out the purpose of this title; and]

(13) to use any funds or property received by the Institute to carry out the purpose of this chapter, including the authority to designate on an annual basis a portion, not to exceed 10 percent, of the funds appropriated pursuant to section 1531 for investment, without regard to any other provision of law regarding investment or disposition of federally appropriated funds, on a short-term basis for the purpose of maximizing yield and liquidity of such funds; and

[(13)] (14) to exercise all other lawful powers necessarily or reasonably related to the establishment of the Institute in order to carry out the provisions of this title and the exercise of the powers, purposes, functions, duties, and authorized activities of the Institute.

(c) INTEREST AND INVESTMENTS.—Interest and earnings on amounts received by the Institute pursuant to section 1531 invested under subsection (a)(12) shall be the property of the Institute and [may] shall be expended to carry out this title. The Board shall be held to a reasonable and prudent standard of care, given such information and circumstances as existed when the decision is made, in decisions involving investment of funds under subsection (a)(12).

* * * * *

SEC. 1509. STAFF OF INSTITUTE.

(a) * * *

(b) APPOINTMENT AND COMPENSATION.—

(1) * * *

[(2) The President of the Institute shall fix the basic compensation for officers and employees of the Institute at rates comparable to the rates in effect under the General Schedule for individuals with comparable qualifications, and holding comparable positions, to whom chapter 51 of title 5, United States Code applies.]

(2) The president of the Institute shall fix the basic compensation for officers and employees of the Institute at rates comparable to the rates in effect under the General Schedule for individuals with comparable qualifications, and holding comparable positions, to whom chapter 51 of title 5 applies or at rates comparable to those of similar institutions of higher education.

* * * * *

SEC. 1510. FUNCTIONS OF THE INSTITUTE.

(a) * * *

[(b) ESTABLISHMENTS WITHIN INSTITUTE.—There shall be established within the Institute—

[(1) a Center for Culture and Art Studies to be administered by a director (appointed by the President of the Institute, with the approval of the Board), which shall include (but not be limited to) Departments of Arts and Sciences, Visual Arts, Performing Arts, Language, Literature, and Museology;

[(2) a Center for Research and Cultural Exchange, administered by a director (appointed by the President of the Institute, with the approval of the Board), which shall include—

[(A) a learning resources center;

[(B) programs of institutional support and development;

[(C) research programs;

[(D) fellowship programs;

[(E) seminars;

[(F) publications;

[(G) scholar-in-residence and artist-in-residence programs; and

[(H) inter-institutional programs of cooperation at national and international levels; and

[(3) a Museum of American Indian and Alaska Native Arts, which shall be under the direction of the President of the Institute.]

(b) ADMINISTRATIVE ENTITIES.—

(1) *The Board shall be responsible for establishing the policies and administrative organization relating to the administrative control and monitoring responsibilities for all subdivisions, administrative entities, and departments of the Institute.*

(2) *The specific responsibilities of each subdivision, entity, and department of the Institute lies solely within the discretion of the Board, or its designee.*

(3) *The Board shall establish, within the Institute, departments for the study of culture and arts and for research and exchange, and a museum. The Board shall establish the areas of competency for the departments created under this paragraph, which may include (but are not limited to) Departments of Arts and Sciences, Visual Arts, Performing Arts, Language, Literature and Museology and a learning resources center, programs of institutional support and development, research programs, fellowship programs, seminars, publications, scholar-in-residence programs and inter-institutional programs of cooperation at national and international levels.*

* * * * *

SEC. 1511. INDIAN PREFERENCE.

(a) IN GENERAL.—Notwithstanding any other provision of Federal or State law, the Institute is authorized to *develop a policy or policies for the Institute to extend preference to Indians in—*

(1) * * *

SEC. 1514. TRANSFER OF FUNCTIONS.

(a) * * *

(b) CERTAIN MATTERS RELATING TO TRANSFERRED FUNCTIONS.—

(1) **[All personnel]** *subject to subsection (d), all personnel*, liabilities, contracts, real property (including the collections of the museum located on the site known as the "Santa Fe Indian School" but not the museum building), personal property, assets, and records as are determined by the Director of the Office of Management and Budget to be employed, held, or used primarily in connection with any function transferred under the provisions of this title (regardless of the administrative entity providing the services on the date before the transfer) shall be transferred to the Institute.

* * * * *

(d) FORGIVENESS OF AMOUNTS OWED; HOLD HARMLESS.—(1) * * *

(2) With respect to all programs of the Federal Government, in whatever form or from whatever source derived, the Institute shall only be held responsible for actions and requirements, either administrative, regulatory, or statutory in nature for events which occurred after July 1, 1988, including the submission of reports, audits, and other required information. The United States may not seek any monetary **[damage]** *damages* or repayment for the commission of events, or omission to comply with either administrative or regulatory requirements, for any action which occurred prior to June 2, 1988.

SEC. 1515. REPORTS.

(a) * * *

(b) BUDGET PROPOSAL.—

[(1)] Prior to October 1, 1988, the Board shall submit a budget proposal to the Secretary of the Interior. The Secretary shall submit that proposal to the Congress.

[(2)] (1) After September 30, 1988 and for each fiscal year thereafter, the Board shall submit a budget proposal to the Congress.

[(3)] (2) A budget proposal under this subsection shall be submitted not later than April 1 of each calendar year and shall propose a budget for the Institute for the 2 fiscal years succeeding the fiscal year during which such proposal is submitted.

[(4)] (3) In determining the amount of funds to be appropriated to the Institute on the basis of such proposals, the Congress shall not consider the amount of private fundraising or bequests made on behalf of the Institute during any preceding fiscal year.

SEC. 1516. HEADQUARTERS.

[The site of the Institute of American Indian Arts, at] Santa Fe, New Mexico, shall be maintained as the location for the Institute of Indian and Alaska Native Culture and Arts Development. To facilitate this action and the continuity of programs being provided at the Institute of American Indian Arts, the **[Secretary]** Board may enter into negotiations with State and local governments for such exchanges or transfers of lands and such other assistance as may be required.

SEC. 1517. COMPLIANCE WITH OTHER ACTS.

(a) * * *

(d) *CONDITIONS ON FEDERAL ASSISTANCE.*—*The Institute shall not be subject to any provision of law requiring that non-Federal funds or other moneys be used in part to fund any grant or contract or cooperative agreement or project as a condition to application for, or receipt of, Federal assistance. This subsection shall not be construed to effect in a negative fashion the review, prioritization, or acceptance of any application or proposal for such a program, solicited or unsolicited.*

SEC. 1518. ENDOWMENT PROGRAM.

(2) PROGRAM ENHANCEMENT ENDOWMENT.—

(1) * * *

(3) For the purpose of complying with the contribution requirement of paragraph (2)(B), the Institute may use funds or in-kind contributions of real or personal property fairly valued which are made available from any private or tribal source, including interest earned by the funds invested under this subsection. In-kind contributions shall be other than fully depreciable property or property which is designated for addition to the permanent collection of the Museum and shall be valued according to the procedures established for such purpose by the Secretary of the Treasury. For purposes of this paragraph, all contributions, including in-kind and real estate which are on-hand as of [the date of enactment of this Act] *November 29, 1990* and which have been received after June 2, 1988 but which have not been included in computations under this provision shall be eligible for matching with Federal funds appropriated in any fiscal year.

(b) CAPITAL IMPROVEMENT ENDOWMENT.—

(1) * * *

(4) For the purpose of complying with the contribution requirement of paragraph (2), the Institute may use funds which are available from any private, *non-Federal governmental*, or tribal source.

SEC. 1519. PROVISION OF FACILITIES.

(a) *PLAN.*—*The Board shall prepare a master plan on the short- and long-term facilities needs of the Institute. The master plan shall include evaluation of all facets of existing Institute programs, including support activities and programs and facilities. The master plan shall include impact projections for the Institute's move to a new campus site. This master plan shall evaluate development and construction requirements (based on a growth plan approved by the Board), including (but not limited to) items such as infrastructure and site analysis, development of a phased plan with architectural and engineering studies, cost projections, landscaping, and related*

studies which cover all facets of the Institute's programs and planned functions. The plan shall be periodically reviewed as determined by the Board.

(b) DEADLINE FOR TRANSMITTAL.—The plan required by this subsection shall be transmitted to Congress no later than 18 months after the date of enactment of this provision. Such plan shall include a prioritization of needs, as determined by the Board.

* * * * *

SECTION 438 OF THE GENERAL EDUCATION PROVISIONS ACT

PROTECTION OF THE RIGHTS AND PRIVACY OF PARENTS AND STUDENTS

SEC. 438. (a)(1)(A) * * *

* * * * *

(4)(A) * * *

(B) The term "education records" does not include—

(i) * * *

[(ii) if the personnel of a law enforcement unit do not have access to education records under subsection (b)(1), the records and documents of such law enforcement unit which (I), are kept apart from records described in subparagraph (A), (II) are maintained solely for law enforcement purposes, and (III) are not made available to persons other than law enforcement officials of the same jurisdiction;]

(ii) records maintained by a law enforcement unit of the educational agency or institution that were created by that law enforcement unit for the purpose of law enforcement;

* * * * *

DISSENTING VIEWS ON H.R. 3553, REAUTHORIZATION OF THE HIGHER EDUCATION ACT

The reauthorization of the Higher Education Act contained in H.R. 3553 reflects long hours of close cooperation between Republicans and Democrats on the Committee over much of the past year. Were it not for two major exceptions, the transformation of the Pell grant program into an entitlement and the complete phaseout of the Guaranteed Student Loan program in favor of direct lending, we would support H.R. 3553.

The bill makes a number of significant and fundamental changes in the scheme of federal support for higher education which we endorse:

The need analysis system is adjusted to welcome more middle-income students into the student aid programs. Under the bill, home, farm and small business equity is not considered in determining a student's eligibility for assistance. A student from a family of four with an income of \$49,000 will be eligible for the minimum Pell grant. In addition, a non-subsidized loan program is made available to all students and parents regardless of their family income.

The integrity of student aid programs is enhanced through a series of provisions which strengthen and restructure oversight of the schools who participate in the programs.

Efforts are made to simplify and improve the student aid delivery system. Under the bill, a free federal application form is mandated and a single system of needs analysis is proposed.

The bill makes a number of revisions to current law to better serve non-traditional and disabled students.

Several new initiatives have been adopted to increase support to low-income and minority students.

PELL GRANT ENTITLEMENT

We are in fundamental disagreement with the provision of H.R. 3553 which makes the Pell Grant program an entitlement. We do not believe that transforming the Pell grant program into an entitlement assures maximum Pell grant funding, in fact we believe the opposite is true.

Turning the Pell grant program into an entitlement will inject an instability in program funding that currently does not exist. The Committee's experience with the GSL entitlement program illustrates this vividly. Since the last reauthorization, tight budgets and annual reconciliation pressures have subjected the GSL program to numerous changes. Such changes have led to massive program confusion and adverse consequences for students, schools and other GSL program participants. Under a Pell grant entitlement, these same types of program cuts will have to be made and the

(654)

effect on Pell grant recipients will be disastrous. Under GSL, subsidies are paid to banks to leverage loans for students, but under the Pell grant program, program cuts will come directly out of the pockets of students. In the process, promises of enhanced Pell grants become a cruel hoax on students and their families.

We believe that entitlement status for the Pell grant program is fiscally irresponsible. At a time when the budget deficit measures in the hundreds of billions of dollars, the annual cost of the Pell grant under an entitlement would rise to \$12.7 billion in FY 1994, more than twice the \$5.4 billion spent on the program today. Making the Pell grant into an entitlement will add yet another program to the list of programs that tie the hands of Congress when it comes to making informed decisions about balancing program priorities with the pressing demands of the national deficit.

Furthermore, as the Chairman of the Budget Committee has stated, this provision violates the Budget Enforcement Act in a number of ways: (1) the increase in entitlement spending could cause a sequester and require cuts in other entitlement programs; (2) shifting Pell grants from discretionary to non-discretionary spending could result in a shift in a downward adjustment of discretionary caps, adversely affecting other discretionary programs; and, (3) removing Pell grants from discretionary caps does not guarantee that the program will be protected from the budget process.

We are also aware that the Budget Committee is currently exploring ways to get entitlement spending under control by perhaps requiring specific annual reductions, capping selected entitlements, or even capping total entitlement spending, as is done for discretionary programs. Therefore, we should not believe that simply changing the Pell program into an entitlement will grant immunity to this program from budget enforcement.

DIRECT LOAN PROGRAM

We are in disagreement with the phaseout of the Guaranteed Student Loan (GSL) Program in favor of a direct loan program for several reasons.

First, proponents of direct lending assume that a direct loan program will yield substantial savings for the Federal government. However, without fully acknowledging substantially increased administrative costs, CBO estimates that savings over the current GSL program are only \$160 million annually.

Secondly, there is a complete absence of accountability on the part of anyone but the federal government under the direct loan program. Under the present GSL program, lenders, secondary markets, and guarantee agencies all work together in partnership to share the risk, avoid mistakes and detect fraud. Under the proposed direct loan program, these entities—as well as their system of checks and balances and the over 8 percent of program risk they absorb—are eliminated. One hundred percent of the risk in making these loans is shifted to the federal government and ultimately the taxpayer.

Third, much too little is currently known about the Government's administrative costs and burdens under the program. The

Department of Education estimates administrative costs to be at least \$474 million annually. A program of this magnitude would require the Department to hire hundreds of new staff persons and make a considerable investment in ADP equipment adequate to protect this tremendous federal investment.

Fourth, too little is known about schools' administrative costs and burdens under the program. The prospect of significantly increased institutional costs have led the National Association of Student Financial Aid Administrators and others to question whether the \$20 fee paid to schools will be sufficient to cover their costs and increased responsibilities. The Department of Education believes that participating institutions could have total administrative costs between \$205 and \$567 million annually—costs most of our educational institutions would be hard pressed to meet. In addition, it is not inconceivable, that at some point, institutions will be asked to share in some of the liability for loans they do not properly originate or maintain.

Given the limited resources of the Department of Education, it is easy to imagine that a direct loan program could become mired in such a bureaucratic mess that schools will be crying out for its repeal shortly after full implementation. Once lenders and guaranty agencies begin to pull out of the program, they will be less willing to make capital investments in the existing program and inevitably they will not be willing to recommit to the program at some later point.

Fifth, borrowing by the Treasury to finance the direct loan program will increase the Federal debt. Although proponents of direct lending claim that this borrowing is "off-budget"—someone, namely the American taxpayer, will have to pay the interest on this increased debt. With the significant expansion of loan eligibility and loan limits proposed under this program, annual borrowing could approach \$20 billion, meaning that there would be an additional \$100 billion added to the national debt over the five years of this authorization with loan repayments not being significant for many years.

Finally, high default rates and program abuses in the GSL program have correctly been the subject of much concern on this Committee. Given these concerns, we believe that we should not adopt a loan program structure that will allow schools to have direct control over significant sums of Federal funds. This can only heighten the probability of unfettered program abuse.

Given these concerns and the serious questions that they raise, we believe it to be reckless of the Committee to scrap the existing GSL program and its twenty-six year history of success, in favor of an untested approach to providing education credit. We believe that the program integrity section of H.R. 3553 coupled with the GSL reforms contained in recent reconciliation bills, go a long way towards fixing the problems of the GSL program without incurring the unknowns inherent in a direct loan program.

A substitute amendment was offered during Full Committee consideration of H.R. 3553 to address our concerns over the Pell entitlement and direct loan program as well as concerns that the current GSL program is too costly and complex. The substitute included all of the provisions contained in H.R. 3553 as introduced

making the following changes which: (1) eliminate the Pell grant entitlement and direct lending program; (2) reduce costs under the GSL program by reducing lender special allowance from 3.25% to 3.0%; (3) decrease federal reinsurance paid to guarantor agencies; (4) require lenders to share 5% of the risk under the new, unsubsidized loan program; and (5) include provisions aimed at simplifying the loan process. This amendment was defeated on a party line vote of 26 to 15.

Had this substitute amendment been adopted, H.R. 3553 would still have been the most significant step forward in support of higher education in at least two decades and it is important that it would have preserved one of the proudest traditions of this Committee: full bipartisanship on the Higher Education Act.

The Administration has clearly stated its views on these issues. In a October 21, 1991 letter commenting on H.R. 3553, Secretary Alexander stated that: "If the bill were presented to the President with either the Pell grant entitlement or a direct loan replacement for the Guaranteed Student Loan Programs, the President's senior advisors would recommend that he veto the bill." In our view, these provisions have been placed into the bill for the sole purpose of provoking a Presidential veto in an attempt to try to undermine the President's well-known efforts to promote excellence in education.

Our long history of bipartisan support reflects the priority both sides of this Committee have placed on federal support for higher education. We are disappointed that for the first time in the seven reauthorizations of the Higher Education Act, this Committee has chosen to politicize the Act and will not be taking a reauthorization bill with strong bipartisan support to the Floor. We regret that partisan politics have tarnished this Committee's deep tradition of bipartisanship and believe that it is not only this proud tradition that is harmed by H.R. 3553 but the future of students who depend on this Committee to insure their ability to obtain a higher education.

BILL GOODLING.
MARGE ROUKEMA.
HARRIS W. FAWCETT.
BILL BARRETT.
SCOTT L. KLUG.
"DUKE" CUNNINGHAM.
TOM COLEMAN.
STEVE GUNDERSON.
CASS BALLENGER.
JOHN A. BOEHNER.
MICKEY EDWARDS.

ADDITIONAL VIEWS OF HON. BILL BARRETT ON H.R. 3553, THE HIGHER EDUCATION AMENDMENTS ACT

I'm supportive of many of the integrity provisions in HR 3553 that seek, in part, to control the skyrocketing student loan default rates and eliminate past abuses in student aid programs. Nevertheless, I'm concerned with sections of the bill eliminating the requirement that in order to receive federal assistance, institutions for higher learning must gain approval of a private accreditation organization that has been recognized by the Secretary of Education.

Briefly put, I'm concerned these provisions would create a management burden for both state governments and schools. These provisions would take responsibility and accountability away from those who've been elected to oversee these schools, and may eliminate a traditional and proven measure of academic quality.

Higher education in America has been well served by the private accreditation process; there has been perhaps no greater means of assuring quality education. Unfortunately, some may interpret the message in HR 3553 to mean that the current accreditation process is no longer needed (report language notwithstanding). Instead, this bill would establish a federal mandate on states (many of which are already hard-pressed meeting other federal mandates) to police both public and private postsecondary schools, and would require the Department of Education to "perform on-site visits" of each institution receiving federal assistance before granting certification to the institution.

I'm especially concerned about how the framework envisioned in this bill may affect my home state. Nebraska voters recently passed a constitutional amendment creating a Postsecondary Coordinating Commission with broad powers for planning, program review, and coordination of Nebraska's public-controlled higher education institutions.

While Nebraska independent colleges and universities voluntarily provide information to the Commission for consideration in state strategic planning and in determining whether new programs or facilities should be approved in the public sector, the constitutional amendment specifies that the regulatory authority of the Commission relates only to public institutions. However, under HR 3553, backdoor regulation of independent colleges and universities by the state commission could occur, even though Nebraska's Legislature and voters expressly rejected that direct regulatory oversight.

For state institutions that are now governed by state elected individuals, these institutions would be subject to some appointed bureaucratic committee(s). In these cases, where does our education systems' consistency, accountability, and responsibility go? Obviously it would no longer rest where it should—with the elected governing bodies of these public institutions of higher learning.

(658)

The private accreditation process, on the other hand, is a traditional and highly effective means of ensuring quality academic courses and fiscal soundness of the institution. Ask any college president what would happen if the institution's accreditation was canceled, and that person would tell you that the college by itself would undergo the needed changes to restore its accreditation. It therefore appears that we already have a good checks-and-balance system, not to mention an established process that costs the Federal Government absolutely nothing. Why eliminate it from the federal approval process altogether?

While I can understand the view of many respected and knowledgeable members on the committee to place more of the oversight of federal programs on state and federal agencies, throwing out the criteria for colleges and universities to be accredited by a private, non-government organization also removes a needed and valuable screening and quality assurance process. It's my hope that the conference committee can arrive at a better resolution of this issue.

Sincerely,

BILL BARRETT,
Member of Congress.

ADDITIONAL VIEWS ON H.R. 3553

H.R. 3553 was reported out of the Committee on Education and Labor on a nearly party-line vote. That fact is regrettable insofar as there is so much within the bill on which Republicans and Democrats are in full agreement. While I voted in support of the Republican substitute offered in Committee by Rep. Coleman, I was not able to be present for the vote on reporting the bill. Had I been present, I would have voted in the affirmative to report the bill to the House.

That is not to say that I do not share some of the concerns of my Republican colleagues over two fundamental policy shifts within the Committee proposal: (1) the question of changing the Pell Grant program into an "Entitlement" program; and (2) the question of substituting a direct federal student loan program for the existing guaranteed student loan program. But I believe that we need to find better ways to provide and insure access to quality higher education, and that both of these shifts give us a framework for addressing these challenges in new and potentially improved ways.

PELL GRANT ENTITLEMENT

Making the Pell Grant an "entitlement" will obviously be a costly proposition. However, the question, it seems to me, is whether or not access to higher education is now so fundamental to social and economic advancement in our society that insuring access to such educational opportunity ought to be guaranteed in much the same way as access to secondary education. The Administration has taken the lead in emphasizing the changing nature of the workplace, and the resulting need for advanced training and education. If we are going to guarantee equal access to an increasingly sophisticated labor market, we must insure that the tools to qualify for such placement are not economically conditioned. The debate over entitlement, while it obviously includes major problems of cost, is not fundamentally different than 18th and 19th century debates on publicly funded elementary and secondary education for all Americans.

I do not agree that making the Pell Grant an "entitlement" necessarily leads to uncontrollable costs for the program. But it would require that we do a better job of setting priorities in our education spending. I also believe that "entitlement" should be conditioned to insure that those who exercise those rights have had adequate academic preparation to do so. Defaults of student loans (and Pell Grants, though those are not tracked) are disproportionately distributed among and attributed to those students who have not demonstrated the traditional benchmarks of entry into higher educa-

tion, a high school diploma or a general equivalency degree (GED) certificate.

While there might be argument over whether a high school diploma in some cases is itself an adequate benchmark of academic preparation, certainly we ought not be supporting a lower standard. Yet over the years, a lesser standard known as "ability to benefit" provisions have made others eligible for federal "postsecondary" grants and loans. Many of these individuals have been victimized by unscrupulous recruiting practices of certain educational institutions. And one must question on public policy grounds why individuals who have not demonstrated high school competency should receive higher education grants. During floor consideration, I will offer an amendment to strike the "ability to benefit" provisions in the law, thus returning us to the original qualification standards for both the Pell Grant and student loan programs. Requiring at least a high school diploma or its equivalent establishes a minimal uniform standard for program participation, rewards the discipline of high school completion, and is an appropriate trade-off, in my opinion, for making the Pell Grant an "entitlement."

DIRECT LOAN

While the Administration has made known its strong opposition to transforming the Guaranteed Student Loan program into a direct loan program, it should be noted that in other contexts, the reauthorization of the Health Education Assistance Loan (HEAL) program, the Administration requested that the current guaranteed loan program be transformed into a direct loan program. So the message about which is preferable from an administrative point of view is rather confused.

There are indeed legitimate questions which must be addressed if the direct loan program remains in the bill. Given the responsibilities which schools already have in administering the complexities of the guaranteed loan program, I do not doubt the capability of most institutions to handle a simplified direct loan program. But I do think we need to insure the financial accountability and "collectibility" of institutions if they are to take on this role as direct "agents" of the federal government in making student loans. We have seen too many cases of institutions mishandling federal funds and then ceasing to exist. The bill's language requiring the posting of a performance bond or some similar guarantee that funds would be available in those circumstances is especially important if we adopt a direct loan program. I also believe it is appropriate to establish some form of "risk sharing" for those who qualify students for loan participation. After all, if the admitting institutions are making judgments as to the "quality" and "qualifications" of candidates they admit into their programs, should they not reasonably be made to share in the risk of the loan outlay? Hopefully these issues will likewise be addressed during floor consideration, the Committee on Rules allowing.

OTHER ISSUES

The above issues are the two major issues of contention within the bill. We must not, however, allow these two issues alone to overwhelm our consideration of the many items on which there has been agreement. The bill does much, for example, to address the "squeeze" on the middle class in terms of costs of higher education by adjusting the way in which assets are counted in the needs analysis. A very important step forward in the bill is the fact that for the first time families who save for the education of their children will not be penalized for doing so, in terms of eligibility for financial aid. Both the main bill and the Republican substitute include numerous provisions designed to improve the integrity of the Title IV programs.

Finally, I want to note that the Student Athletic Disclosure requirements (H.R. 2433) which I sponsored, are incorporated into the legislation. As colleges and universities across our country face shrinking budgets and academic program cutbacks, more and more faculty groups, student organizations, and the public are asking for financial information about athletic programs, to make sure that they too are accountable and considered in terms of overall priority-setting. This legislation will insure that the information is available and credible. It will also help those who are serious about reform of college athletics, not by telling colleges and universities how to operate their athletic programs, but by assuring that the athletic programs are indeed considered as part of the educational enterprise whose name and facilities they utilize.

PAUL B. HENRY.

ADDITIONAL VIEWS OF THOMAS E. PETRI, SCOTT KLUG, AND RANDY "DUKE" CUNNINGHAM ON THE HIGHER EDUCATION AMENDMENTS OF 1992

We agree with the goal of increasing access to higher education by improving federal student aid programs. We feel that financial aid to students could be vastly improved with the addition of an income-dependent student loan program such as that contained in HR 2336. We understand why the substance of HR 2336 wasn't included in HR 3553, the Higher Education Amendments of 1992, as it would have brought the entire bill under the jurisdiction of the Ways and Means Committee. However, we believe that this committee should continue to explore ways of enacting the Income-Dependent Education Assistance (IDEA) Act, or similar legislation, in conjunction with Ways and Means Committee.

The IDEA Act sets up a supplementary direct student loan program, open to all students, regardless of parental income or assets, in which repayment is based on the borrower's income after school, and is collected as personal income tax by the IRS. The basic principle behind it is that education represents, at least in part, an investment. Students are investing in human capital, and they expect a return on that investment in the form of higher future incomes. Under IDEA, the government backs such investments in human capital and in exchange receives a participating interest in the returns to that capital. In effect, students borrow against their future income streams. On an individual basis, students can't finance education in this way, because they can't pledge their human capital as collateral and each individual can't guarantee a particular level of return on his or her investment. But collectively financing education on the basis of pooled risk and return on investments is a sound governmental approach to student aid. The IDEA program takes that sound approach from theory to practice.

When we do that, it turns out that this approach enables us to achieve a large number of important advantages. In the first place, IDEA is clearly fairer than the Stafford loan program. IDEA repayment is geared explicitly to ability to pay, whereas Stafford is actually regressive. Under Stafford the students who stay in school for the longest time, and therefore have the HIGHEST later incomes, pay the LOWEST effective interest rates on their loans because they get the most benefit from the in-school interest subsidy.

A second major advantage of the IDEA approach is that it provides a better deal than Stafford, SLS, or HEAL for most students. For most students in four year programs, the COST of IDEA loans is approximately equivalent to that of Stafford, but the IDEA loan provides the added advantages of insurance against low income, ease of repayment through the income tax, and complete flexibility of repayment that accommodates life charges like unemployment, periods of child rearing, divorce or death of a spouse, low earnings

(663)

right after school, or periods of low wage public service employment. For shorter term students, IDEA is a better deal even in terms of cost, or effective interest rate paid. Even for graduate students, IDEA can still be a better overall deal, especially for borrowing during the graduate years.

A third major advantage of IDEA is that it solves the middle income access problem we've all heard about. We all know that it would cost a ton of money to open up eligibility for Stafford loans to all students regardless of family income. But when you turn things around and look at the problem from the IDEA perspective, the whole picture changes. Under IDEA you actually want students from higher income families to participate because they tend to have higher later incomes themselves and some of them will make limited premium interest payers that help to subsidize low income borrowers.

A fourth major advantage of IDEA is that it rationalizes and dramatically simplifies the whole question of deferments and forgiveness provisions that, under the current system, constitute an arbitrary, unfair, complex mess that's next to impossible to keep track of. Under IDEA, everyone who needs a deferment because of temporarily low income, or forgiveness because of permanently low income, automatically gets it, with no fuss and no extra record keeping. And we in the Congress don't have to argue about which occupations are more or less deserving.

A fifth IDEA advantage is that it solves the problem of what to do about the severely troubled HEAL program for medical professions students. The IDEA act does not repeal HEAL, which is not under the jurisdiction of our committee, but it should largely drive HEAL out of business because it is much more attractive for those students, who typically face extreme problems of immense loan repayment burdens and insufficient income shortly after leaving school.

A sixth IDEA advantage is that this approach should save immense amounts of money possibly in the billions of dollars per year. That is a crucial point. If we want to spend more money on Pell grants or other parts of the Higher Education Act, we've got to find savings somewhere, and IDEA is a perfect source because it saves these tremendous amounts while still providing a much better loan program than the ones we've got now.

One might well ask how this is possible. How can we save money while providing a fairer and better deal for students, solving the HEAL and middle income access problems, and providing universal deferment and forgiveness according to need? The answer is that there are four major sources of efficiency in IDEA that correspond to four sources of waste in Stafford and other current loan programs.

The first of these is that IDEA practically eliminates defaults. There is no reason to default because repayment is based on ability to pay and is capped at a reasonable percentage of income. And there is no opportunity to default because the repayment is part of one's income taxes. This alone is a potential source of savings on the order of a billion dollars plus. And even though IDEA as embodied in HR 2336 is only as a supplementary program, note that the bill does provide that all new Stafford and HEAL loan agree-

ments will carry a stipulation that if those loans go into default, they will be converted automatically into IDEA loans and become subject to IRS collection under the IDEA terms. In that way, IDEA will reduce default costs even under the programs that coexist with it.

The second major source of efficiency is a lower cost of capital. Whereas existing programs use private capital at politically negotiated interest rates, IDEA uses government capital at a cost equivalent to the interest paid on government bonds of comparable maturity, which will be much lower. That's another billion dollar potential source of savings at no cost to students. While this source can be tapped with a non-income-dependent direct loan approach, such proposals suffer from potential collection problems. Only the IDEA-type approach justifies collection as income taxes by the IRS, which solves the collection problems associated with direct government loans.

A third source of efficiency in IDEA is precise targeting of subsidies. IDEA provides subsidies to all those who need them, only to those who need them, and to the extent of their need. It pays for those subsidies, at least partly, from limited premium interest payments from high income graduates—that is, from those whose investments in education have paid off most handsomely. That's exactly the reverse of the Stafford program, which, on average, subsidizes high income graduates in preference to low income borrowers, who have low incomes in many cases precisely because they didn't graduate or invested only in shorter term programs.

The fourth and final source of IDEA's efficiency is simplified administration. Loan origination is simple because there are no extra institutions involved and because there is no needs analysis. Anyone attending an approved school is eligible regardless of family income.

Loan collection is also as simple as it can be. Since the IRS is already in the tax collection business, and repayment is included as personal income tax liability, the added costs to the program would be relatively small. No additional tax returns are generated, as those who fall below the filing threshold, and therefore owe no regular income taxes, owe no additional IDEA payments either. In fact, IDEA should simplify the job of the IRS, because it will get the IRS out of the business of withholding the refunds of loan defaulters.

In short, we have created a loan program which increases the availability of funding, reduces defaults, and makes repayment more manageable.

To the extent that subsidies are involved, they are progressive. And the money goes where it should go—to students who need it—rather than to bankers, defaulters, administrators, and the richest graduates.

In the process, IDEA frees up a great deal of federal money which can be used for education grants or for deficit reduction.

We have been very encouraged that there seems to be a good deal of openmindedness on both sides of the aisle concerning reauthorization of the Higher Education Act. Clearly the time has come to fix the problems inherent in the current law, rather than continuing to tinker around. The IDEA Act provides an innovative

and cost-effective way to ensure access to higher education for all students, and we encourage our colleagues to study this initiative and support it.

We would like to submit materials describing the IDEA Act and ask that they be included in this report.

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SCOTT KLUG.

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